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NEWS SUMMARY

GENERAL
Carter warns Russia on arms
President Carter has warned the Soviet Union that the U.S. will increase defence spending and effectively abandon détente if Russia continues its "excessive military growth and unwarranted interference" around the world.

In what was described as his first major speech on defence, the President said that there were ominous signs, most recently in the Horn of Africa, that the Russians were prepared to use military power.

The Soviets have continued to increase and modernise their forces beyond the level necessary for defence, he declared. "In the face of this excessive build-up, we and our NATO allies have had to take important steps to cope with short-term vulnerabilities and to respond to long-term threats." Back Page

French Socialist dies in crash
With a narrow victory predicted for the French Government, a Socialist died in a crash on the French coast on Saturday.

Picket MP fined
Mrs. Audrey Wise, Labour MP for Coventry S.W., was fined £20 with £25 costs at a court for obstructing a policeman during picketing disturbances outside the Grunwick plant in North London last summer.

Appeal fails
The Appeal Court upheld the fines imposed on Gay News and Mr. Denis Lemon, its editor, for publishing a blasphemous libel.

Zaire shoots 13
President Mobutu of Zaire, brushing aside Western human rights appeals, said that 13 soldiers and civilians convicted of plotting his overthrow, had been shot at dawn.

Delhi cyclone
At least 26 people died and 700 were injured when a cyclone hit New Delhi, the Indian capital. The storm toppled a transmitting tower of All-India Radio.

Flights target
Airlines estimate that cheap air fares from Britain to 14 U.S. cities, which come into force today, could mean an extra £200 for passengers.

Briefly...
The halfpenny is now worth 0.48 of an old penny, a 60 per cent. loss of purchasing power since February 15, 1971.

CHIEF PRICE CHANGES YESTERDAY
(Prices in pence unless otherwise indicated)

Each. 10% 1955	£914	Wigfall (H.)	223 + 10
Alexanders Discount	235	Wolsley-Hughes	192 + 5
Allied Irish Banks	167 + 4	Cherwell	754 + 13
Assoc. Book Publishers	188 + 8	Cons. Plants	123 + 7
Bank of Ireland	247 + 12	Plantation Bldgs.	71 + 3
Bank of Scotland	273 + 8		
Barclays Bank	330 + 5		
Collins (Mk. Cstg.)	52 + 4		
Collins (Mk. Cstg.)	123 + 4		
De La Rue	280 + 7		
Fitch Lovell	68 + 3		
Hall Engineering	85 + 3		
London Sect. Finance	33 + 4		
Min. Marsters	135 + 9		
Rolls-Royce Motors	81 + 8		
Rush & Tompkins	104 + 5		
Tate of Leeds	57 + 3		

Oil slick battle after supertanker breaks on rocks

BY DAVID CURRY IN PARIS AND IAN HARGREAVES IN LONDON

French naval and civil authorities were fighting an apparently losing battle against pollution last night after the supertanker Amoco Cadiz broke on rocks three miles off Brest on the Brittany coast. The vessel is carrying 220,000 tons of crude oil.

The hull of the ship is insured for \$12m. (\$3m.), 80 per cent. of which is placed in London. The owners, Amoco, said in Chicago that the insurance value of the vessel including machinery was \$20m.

There is an insurance risk of about \$20m. on the cargo, which is probably self-insured with the charterer, Shell.

The vessel ran into trouble on Thursday, when its steering system failed. It was being towed to port when the line snapped and strong seas pushed it on to the rocks.

Early yesterday the vessel broke in two, rupturing at least two of its 14 cargo tanks. Amoco said because of difficult weather it was impossible for emergency vessels to get near enough to the stricken supertanker to make a precise assessment of damage.

All 46 members of the Italian crew were lifted off the ship shortly before her hull broke. An oil slick quickly reached about 20 kilometres off the North Atlantic coast in an area important for fishing, shell-fish reserves and tourism. The French authorities have seven ships at hand to break up the slick with detergent and chalk, but the rocks and 30-foot seas made operations hazardous.

Oil industry men in London were pessimistic last night about the chances of salvaging the Amoco Cadiz. She is impaled on rocks in much the same way as the Torrey Canyon was in 1967. Like that vessel, the Amoco Cadiz might prove unmovable except by the action of the sea.

Lyme Bay when her steering gear failed. Mr. Harry Rinkema, Amoco vice-president, said in Chicago that the ship's steering equipment met all the higher standards recently agreed in London by the UN maritime agency, IMCO. The gear was equipped with reserve pumps, but had a single hydraulic system. It was this system which failed.

The accident occurred, ironically, on IMCO's world maritime day, when Government ministers around the world were making proud statements and tours of inspection of marine safety equipment. Mr. Stanley Clinton Davis, the U.K. Trade Secretary, spent the day at the Warship School of Navigation. There were predictions in France that the spillage could influence voting in the final round of the French elections to-morrow. About 600,000 people voted for ecology candidates in the initial voting last Sunday.

Italy unlikely to free guerilla

By Dominick J. Coyle and Paul Betts

ROME, March 17. ITALY'S NEW minority government is not likely to agree to the release of one of the top leaders of the extremist Left-wing Red Brigades movement in exchange for the freedom of Sig. Aldo Moro, who was Italy's Prime Minister five times.

This view was gaining ground in political circles to-night as police continued their biggest-ever security operation, searching more than 2,000 flats in Rome where they believe Sig. Moro is still being held.

Rome police arrested to-night a man on suspicion that he might be involved in the kidnapping of Sig. Moro in Rome in a gun battle in which five policemen died.

A further communiqué reporting to come from the Red Brigades to-day confirmed that Signor Moro, president of the Christian Democratic party, would be killed within 48 hours unless Sig. Renato Curcio, "ideological" leader of the Red Brigades, who is standing trial in Turin with 48 other accused terrorists, was released.

The Prime Minister presided this morning over a special meeting of the Inter-Ministerial committee on security, and to-night was meeting leaders of all the main political parties, including Sig. Enrico Berlinguer, the Communist Party's secretary-general.

The highest reserve was being maintained by political party leaders after to-night's Summit with Sig. Andreotti. A statement was issued later to-night by the Prime Minister's office saying that the Summit discussed a package of proposals to strengthen security and law and order in the country, including a number of "urgent measures" in face of the current emergency situation which now required collaboration at all levels.

While the Christian Democratic party is understandably very concerned over the fate of its president, there is privately a recognition that a minority Government, in particular, cannot capitulate to the Red Brigades without undermining finally the basic institutions of the State.

Government sources were saying this evening that more draconian law-and-order measures—including the possibility of bringing terrorist suspects before military courts—would not be contemplated unless they were supported unambiguously by the other main parties, who are pledged to support the Andreotti administration in Parliament under the terms of a new Government formula worked out, ironically, in large measure by Sig. Moro.

Israel looks set for war of attrition

BY OUR FOREIGN STAFF

THE CRISIS in southern Lebanon deepened yesterday with Israel's 20,000-strong invasion force consolidating its occupation and the announcement that Iraq is sending "volunteers," ammunition and medical supplies to the Palestinian forces.

As fighting continued in the six-mile-deep buffer zone established by the Israeli army, an estimated 100,000 refugees jammed north to swell the 250,000 made homeless during the two-year Lebanese civil war. In the Lebanese capital, Mr. Selim al Hoss, Prime Minister, had urgent talks with a Syrian delegation which included Mr. Abdel Halim Khaddam, the Deputy Premier and Foreign Minister, and Maj.-Gen. Naji Jamil, chief of the Syrian air force.

An announcement by the Syrian-backed Saiga guerilla group said that Syria had now placed its air force in Lebanon on alert to defend civilian targets. Israel has asked for an urgent meeting of the UN Security Council in response to an earlier Lebanese demand for one.

If and when one is called, Israel will argue that it had to occupy the south of Lebanon to prevent Palestinian attacks on its civilian population, especially the last week-end's raid by a band of the Fatah guerilla group in which 37 people died.

Israel's army looks to be settling down to the prospect of a long stay and a war of attrition against the Palestinian guerillas in the south of Lebanon. Palestinian claims that the Israelis had mounted a seaborne landing at Andoun, 12 miles north of the River Litani, the accepted stand-off "red line" separating them from the Syrians, were not confirmed in Tel Aviv. Correspondents visiting the village found no evidence of any such operation.

Israel reacted politely, but coolly, to the U.S. call for the withdrawal of its troops and their replacement in the border zone by "an alternative peace-keeping force."

Other Israeli targets included at least one of the bridges on the River Litani, the blocking of which would hinder Palestinian reinforcements from moving south.

Israel has been reluctant to cross the River Litani, to avoid coming into contact with the 30,000 Syrian troops stationed in Lebanon. But hit-and-run raids were carried out by troops against positions impervious to air and artillery attack.

The Palestinian positions around Beaufort Castle, which lies across the River Litani, were attacked by ground forces. They silenced the artillery batteries which are only about three miles from the Israeli border.

Retail price index up 9%

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

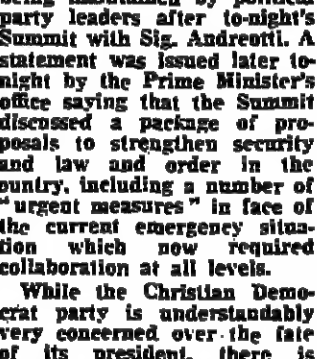
THE UNDERLYING annual rate of retail price inflation appears to be levelling out at about 7 per cent. Official figures should show the 12-month rate of increase as down to near this level during the summer.

The Department of Employment said yesterday that the retail price index increased by 9.5 per cent in the 12 months to mid-February to 190.5 (January 1974=100).

This is the lowest 12-month rate since September, 1973, and compares with an increase of 9.9 per cent in the year to mid-January, and a rise of 8.1 per cent over the same period in industrialised countries generally.

The short-term outlook also will be affected by whether Mr. Denis Healey, Chancellor, decides to increase indirect taxes in the Budget in order to allow a larger cut in income tax.

The determination to keep down the inflation rate is likely to limit any rise in indirect taxes although, as a minimum, an increase in specific duties, notably on alcohol and tobacco, is likely.



in line with inflation in the last year looks likely, raising the price index by about 1 per cent. The official expectation is that the 12-month rate will remain in single figures for at least the rest of this year even though the rise in earnings during the current pay round may be about 13 to 14 per cent, rather than the 10 per cent guideline. This is because of the favourable impact of lower world commodity prices and the rise in sterling.

However, the evidence of a levelling out in the underlying trend points to the difficulty of achieving a further fall in the inflation rate below a range of 6-7 per cent, unless the growth of earnings is reduced to well below 10 per cent.

This is likely to form a key factor in the Government's decision on whether to increase indirect taxes in the Budget in order to allow a larger cut in income tax.

The determination to keep down the inflation rate is likely to limit any rise in indirect taxes although, as a minimum, an increase in specific duties, notably on alcohol and tobacco, is likely.

Nevertheless, the various measures adopted to help the dollar have left the markets still uncertain and it remains lower against other leading currencies than it was a week ago.

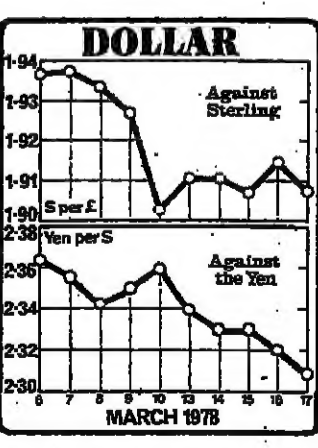
Dollar hits new low against yen

BY MICHAEL BLANDIN

THE DOLLAR fell to new low levels against the Japanese yen yesterday while the foreign exchange markets remained extremely nervous in spite of the efforts during the past week to bolster the U.S. currency.

Bankers have reacted sceptically to the joint U.S.-West German announcement on Monday of measures to stabilise the dollar through extended swap arrangements. The Japanese moves, on Wednesday, to impose stricter sanctions on foreign inflows have so far not stopped the rise in the yen.

The dollar dropped for the first time below ¥230 in spite of heavy intervention by the Bank of Japan, estimated at some \$250m. to \$300m.



start. Central banks were thought to have taken advantage of the generally tight business to push the dollar up through further intervention.

CONTENTS OF TODAY'S ISSUE

Overseas news	2	Leader page	14	Foreign exchanges	23
Home news—general	4	U.K. companies	16 & 17	Farming, raw materials	22
—labour	4	Mining	5	U.K. stock market	24
Arts page	12	International companies	19	London and New York	5
		Wall Street	18		

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OVERSEAS NEWS

Haferkamp flies out to salvage Tokyo trade talks

BY GUY DE JONQUIERES

THE EEC Commissioner for External Affairs, Herr Wilhelm Haferkamp, was on his way to Tokyo today in a last ditch attempt to salvage the Commission's long-running campaign to extract pledges of trade and economic concessions from the Japanese Government.

Herr Haferkamp is expected to warn the Japanese bluntly that unless they agree to take further measures to correct their trade surplus with the Community, which exceeded \$300 million last year, they will run the risk that the EEC will erect new trade barriers against them.

EEC officials appeared confident today that an agreement would be reached in Brussels this weekend, under which Japan would undertake to reduce its exports of steel to the Community from 1977 levels in return for a guaranteed price advantage of about 3 per cent over European producers.

The negotiations, which are separate from the broader trade talks in Tokyo, are part of the EEC's policy to limit steel imports from third countries and stabilise prices.

he will argue, could trigger off a wave of world-wide protectionism.

Officials here have expressed deep disappointment and concern at the lack of progress achieved in the talks in Tokyo this week between an EEC delegation led by Sir Roy Denman, director-general of the commission's External Affairs Department, and Mr. Nobuhiko Ushiba, Japan's Minister of External Economic Relations.

The Herr Haferkamp is due at present to see only Mr. Ushiba, a Commission spokesman said today that he might seek to go over the Minister's

Close race expected in French elections

By Robert Maunier

THE FINAL result of the French general election after the second ballot on Sunday is expected to be very close, but most observers are now predicting a narrow victory for the Government coalition.

Though the parties of the Left—the Socialists, the Communists and the Left-wing Radicals—managed to cobble together a last-minute electoral pact earlier this week, enabling them to present joint candidates on Sunday, this is unlikely to compensate for their failure to establish a big enough lead in the first round.

If the Left had polled between 51 and 53 per cent of the popular vote last Sunday, as the public opinion polls had forecast, its ultimate success would hardly be in doubt today. But because the Socialists did much less well than expected, the total score of the Left-wing parties was no more than 44 per cent, including extreme Leftist groups.

This was barely two percentage points more than the Government coalition parties polled and is generally considered to be too small a lead to be converted into a Parliamentary majority in the vital runoff.

The present constituency boundaries greatly favour the Government parties, which thus need a much smaller number of votes to win a majority in the National Assembly than the Left.

Another big obstacle which the Left has to overcome is the relatively undisciplined behaviour of Socialist voters. While the great majority of Communist voters are expected to respect their Party's directive to vote for Socialist candidates in all constituencies where the latter are the joint standard bearers of the Left, the reverse is not necessarily true. Only some 60 per cent of Socialist electors are expected to vote for Communists who are fighting duels with Government candidates.

After the first ballot, only 68 MPs were elected outright by obtaining an absolute majority of the votes. There will therefore be run-offs in the remaining 423 constituencies, the great majority of which will be straight fights between Government and Left-wing candidates. The Left is represented by 241 Socialists and 147 Communists. On the Government side, Gaullists are contesting 217 constituencies and the UDF, grouping the Giscardian Republican Party and Centre, 182 seats.

France's foreign trade swung back into a small surplus in February, reinforcing the trend of uneven but steady improvement which has set in over the last six months.

The February surplus was \$1.2 billion, compared with a deficit of \$1.02 billion for the period between July and September last year, compared with a deficit of \$1.02 billion for the previous year.

Pakistan considers move against State take-overs

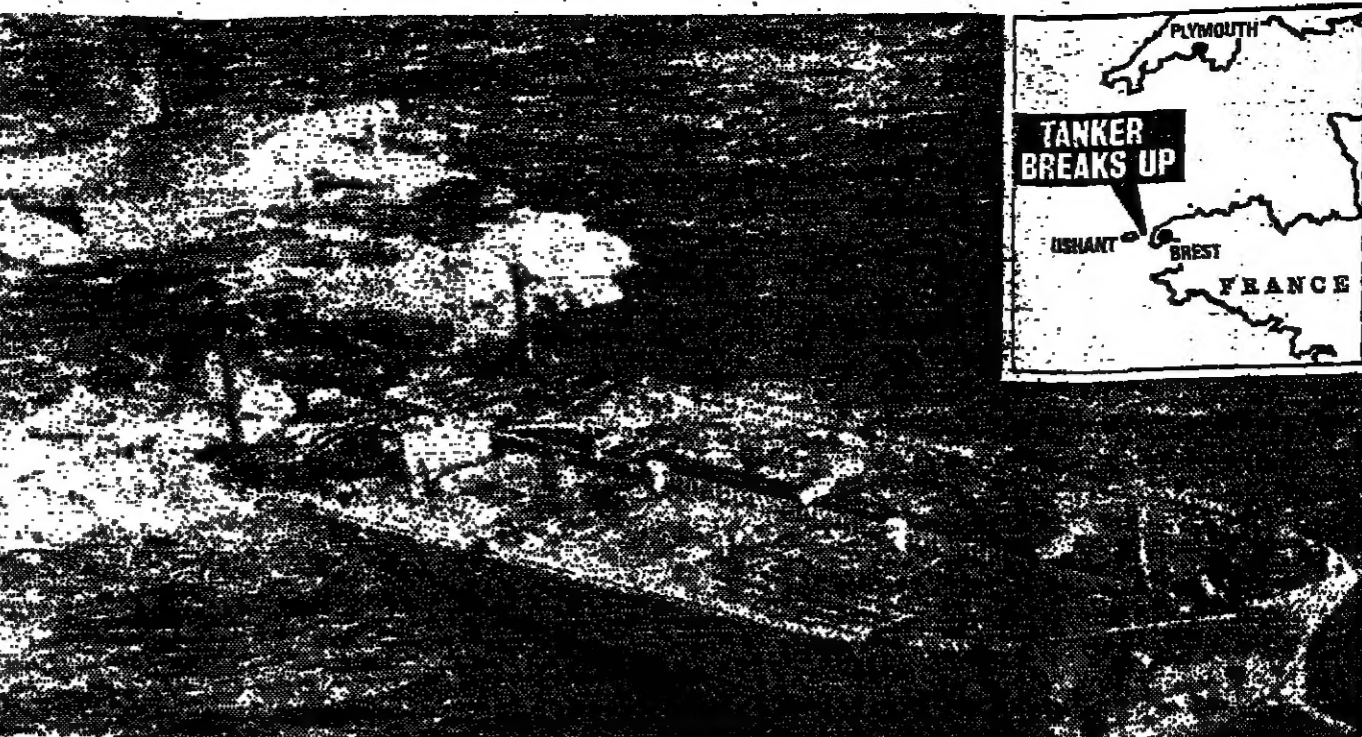
BY SIMON HENDERSON

ISLAMABAD, March 17. Addressing a news conference, General Zia said next year's budget would strictly conform to the available national resources and blamed current domestic inflation partly on the large-scale debt-financing of Mr. Bhutto's Government.

The military ruler said foreign investment had come to a halt in the past four months and called on Middle East countries to enter into joint projects with Pakistan.

Figures released by the State Bank of Islamabad yesterday showed an improved balance of payments deficit of Rs.1,023m. for the period between July and September last year, compared with a deficit of Rs.1,023m. for the previous year.

The balance of trade deficit is still running at about \$100m. a month and the improvement in the payments position was attributed to an inflow of foreign loans and private remittances from Pakistanis who work abroad.



Thousands of gallons of crude oil spew from the inside of the giant grounded tanker Amoco-Cadiz near the Brittany coast. The giant vessel broke in two on the rocks and is threatening the beaches around Brest with serious pollution. The 220,000-tonne cargo from the ship has already formed a slick several kilometres long and some oil has already reached the coast, five miles from where the 109,000-ton vessel ran aground.

Computer technology for Herald Tribune

BY MAX WILKINSON

THE INTERNATIONAL Herald Tribune will change over on Easter Monday to a new computerised typesetting process which it claims will be one of the most advanced systems in Europe.

The newspaper which sells 150,000 copies a day throughout Europe is abandoning the traditional method of setting type by casting lines in hot metal, in favour of an almost completely automatic process in its Paris office.

News items, which mainly come by wire agency service from the U.S. will be stored automatically in twin mini-computer systems. They will be edited in electronic form by the use of visual display units (VDUs) which are connected to the computer by keyboards.

When the editors have selected and altered the items they wish to print, an automatic machine will make a photographic image of the type, direct from the computer store.

The photo-typesetter to be used by the Tribune can generate 60,000 lines an hour compared with 200 lines an hour on each of the 22 traditional linotype casting machines.

Mr. Bob Eckert, publisher of the Tribune, claims that the system will be one of the most advanced now operating in Europe. One of the benefits expected is that the Tribune will be able to carry the latest New York stock market prices.

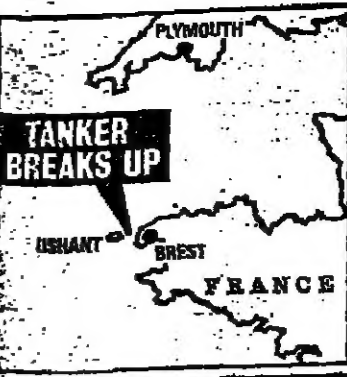
The older machinery needed 75 minutes to print all the stock prices and as a result the Tribune was unable to carry closing prices. But the new computerised system will print the stock tables in only 15 minutes.

The system, costing \$1.5m., will lead to a substantial reduction in manning which has been negotiated with the French print unions in talks which started last summer. Details of these negotiations are not being released, but it is evident that the Tribune has scored something of a coup.

As a result of the change, the Tribune's total staff in Paris will be cut to only 30 people. It will have no printing operation of its own but will print instead under contract in Paris. Simultaneous editions will continue to be produced under contract at Oxford in the U.K. and in Zurich. The U.K. and Zurich presses will be supplied by facsimile transmission (via wire service) of the page images assembled in Paris.

Mr. Eckert said he was surprised by the speed of negotiations with the unions. Because of natural wastage and arrangements for redeployment agreed with the unions no unemployment would result from the change-over, he said.

The Tribune was first published in Paris in 1887. Since 1966, when the New York Herald Tribune merged with the International Herald Tribune in Europe, it has been published by Whitney Communications as a joint venture with the Washington Post and the New York Times.



Zambia devalues as part of IMF plan

By Michael Holman

LUSAKA, March 17.

ZAMBIA TO-DAY devalued the kwacha by 10 per cent, as part of an International Monetary Fund (IMF) programme which will allow drawings from the fund over two years of \$10.550m., as well as rescheduling of an earlier IMF facility of \$10.550m.

Government has also pledged a further reduction of the budget deficit in 1978, a reduction in internal borrowing by the Government, the mining companies and by the rest of the economy, and an incomes policy. In July, 1978, the kwacha was devalued 20 per cent.

Announcing the package to Parliament this morning, Mr. John Mwanakatwe the Finance Minister, referring to "a time of grave economic crisis," described it as "undoubtedly the last hope for the economic recovery of our country."

However, at a Press conference later, the Minister, who appeared well pleased with the outcome of negotiations he had described as "tough," said that such a large amount of aid was being described as "favourable" to an African state was unprecedented.

A key feature of the package is the pledge to reduce the budget deficit in 1978. Some observers believe that this can only be done by cutting military spending and by further reducing food and other subsidies.

Welcome news for overseas suppliers, some of whom have been waiting a year for payment, is that the programme provides for a "progressive reduction in payment arrears."

The Bank of Zambia will bear the effect of devaluation on this principle. It will relieve expatriate workers, particularly the 4,000 in the mines, who have had a four-month delay in clearing monthly remittances and end-of-contract gratuities.

Record rise in Canadian spending deficit

By Victor Mackie

OTTAWA, March 17.

THE CANADIAN Government spending deficit in the financial year commencing April 1 will be a record \$31.1bn. (\$5bn.)—a \$2.2bn. increase over the 1977-78 deficit. Mr. Jean Chretien, the Finance Minister, announced the figures to a surprised and angry opposition in the Commons late on Thursday night about an hour before the majority Liberal Government pushed through retroactive approval for money spent in the quarter of 1977-78 as well as authority to borrow up to an extra \$2.5bn.

"It's a sad day for Parliament and the people of Canada," was the immediate reaction of Mr. Sinclair Stevens, the Progressive Conservative's chief economic spokesman.

Schmidt's chief troubleshooter tackles German strike crises

BY ADRIAN DICKS

BONN, March 17.

FRESH peace efforts were disclosed today in both the printing and engineering disputes troubling West Germany. But it is not known this evening whether any deal has come closer to a solution.

Herr Hans-Juergen Wischnewski, Minister of State in Herr Helmut Schmidt's office and the Chancellor's chief troubleshooter, is understood to have played a key part in bringing together printing employers and union leaders under the chairmanship of Herr Josef Stiegl, head of the Federal Labour Office.

After talks, both separately with Herr Stiegl and together on Thursday night, the two sides were expected to travel from Nuernberg to Bonn this evening for a fresh round of discussions.

It is not yet known whether the printers' union, IG-Druck and Papier, and the employers have moved any closer on the most contentious issues, the role, status and manning levels of skilled hot-metal printers, after the present technology is replaced by cold-type, electronic setting.

Herr Wischnewski, whose past assignments have included the Mogadishu hijacking rescue and the urgent defusing of tensions with East Germany, entered the bitter printing industry dispute, as an "honest broker," after the Chancellor had appealed for a return to the bargaining table in a television appearance.

In the North Wuertemberg-Nuernberg to Bonn this evening for a fresh round of discussions, the two sides are to meet again for peace talks tomorrow morning. Both said they were setting no preconditions. However, the employers have already threatened a lock-out from Monday that would widen the dispute from 30,000 to about 200,000 workers.

Some room for compromise on the wage issue appears possible, now that the employers have improved their offer from 3.5 to over 4 per cent, while the union, IG-Metall, has retreated from 8 to just over 5 per cent. It may be harder for the two sides to agree on the clauses IG-Metall is seeking on job security and pay-group classification security.



Syria opens border to Iraqis

By Our Foreign Staff

SYRIA HAS agreed to allow Iraqi volunteers to cross its territory and reinforce Palestinian guerrillas in southern Lebanon, the Syrian press said yesterday.

The borders between Syria and Iraq were closed two months ago by Syria to prevent terrorist raids from Iraq into Syria.

The Syrian news agency said the Iraqi Government asked Syria on Wednesday to allow military aid and volunteers to cross its territory. Syria replied by agreeing to direct the "grave situation" of southern Lebanon, the Syrian press said yesterday.

U.S. calls for troop withdrawal from zone as 300 feared killed in fighting

BY DAVID BELL

WASHINGTON, March 17.

THE U.S. has again called on Israel to withdraw from the 10km buffer zone that it now controls in South Lebanon. Mr. Walter Mondale, U.S. Vice-President, echoing a formal statement yesterday by the State Department, said today that he hoped an "alternative peace-keeping force," possibly under UN auspices, could take the Israelis' place in the area.

The Vice-President said that the Administration recognised Israel's "legitimate problems of security" but that Israel could not be allowed to contain indefinitely UN auspices, could take the Israelis' place in the area.

The U.S. officials say privately that Israel's action has already greatly complicated the search for peace and they fear that Israel may have no intention of pulling out of Lebanon.

WASHINGTON, March 17.

to start two days of talks at the White House on Tuesday.

There are no illusions here about the odds of Israel's withdrawal from Lebanon for some considerable time.

The State Department recognised as much last night in its statement. Mr. Hoddling Carter, the chief spokesman, said the immediate concern of the U.S. must be to "end as quickly as possible the cycle of violence in the Middle East so as to keep attention focussed on the basic problems which produced it. We do not intend to be distracted from efforts to resolve these basic problems."

This statement was seen here as another attempt by the Administration to remain "even-handed" as possible, but is also recognised that the U.S. is in great danger of seriously alienating moderate Arab opinion—not to mention the Israeli Prime Minister, who arrives here on Sunday. He is due

BY HANAN HAJAZI

LEBANESE and Syrian officials held talks here today on the Israeli offensive and moves to the matter to the UN Security Council.

Syrian Vice-Premier and Foreign Minister, Abdel Halim Khaddam, arrived here and went into immediate session with President Elias Sarkis. Prime Minister Saïd Al-Hass and Foreign Minister Fawad Butros. He was accompanied by Vice-Marshal Naji Jamil, Commander of the Syrian Air Force.

Before leaving Damascus, Mr. Khaddam received the Soviet Ambassador, Yuri Tchernakov who, according to Damascus radio, delivered a message from President Leonid Brezhnev to President Hafez Assad.

The number of civilian dead in the fighting has now been given by independent sources as 300. Many villages have been destroyed, and a stream of refugees as many as 100,000 are fleeing northwards to Syria and Beirut. Lebanon already had

BEIRUT, March 17.

350,000 displaced persons, the victims of two years of civil war. Mr. Butros today welcomed the U.S. government statement last night calling on Israel to withdraw from South Lebanon, and supporting a UN role in the region along with the extension of the authority of the Lebanese government.

Informed sources here believe the United States will seek a Security Council resolution for sending UN troops to the south to police the border area while law-and-order duties will be shouldered by 4,000 Lebanese soldiers forming the nucleus of a restructured Lebanese army.

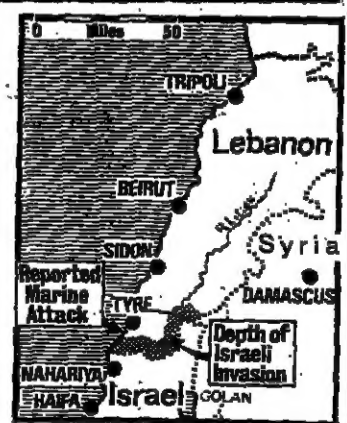
President Sarkis met last night with Brigadier General Victor Khoury, the army commander-in-chief.

BEIRUT, March 17.

Foreign Minister Butros today also received Sir Peter Wakefield, the British ambassador. Britain is the president of the Security Council for this month.

Israeli fighter aircraft, including sophisticated U.S.-made F-15s, and artillery pounded the Nabatiyah area—now the main gathering point for the guerrillas in the south.

Roger Mathews reports from Southern Lebanon: The Palestinian military command in southern Lebanon is looking forward to a prolonged war with Israel and is confident that any proposal to bring in UN troops will be rejected in the Security Council by the Soviet Union or China. Pierce fighting continued for the third day between guerrillas and Israeli forces which are still advancing in some areas.



Overhead, Israeli aircraft could be heard, but they seemed mainly to be concentrating on more clearly defined Palestinian positions. The guerrillas said that sophisticated fighter planes and heavy armour were of very limited effect.

Throughout the night Israeli forces also bombarded an area near the port of Tyre and doctors at the two hospitals there held urgent consultations today to decide on possible evacuation plans. Working conditions had become almost impossible, they said.

Israelis sceptical about proposals for a UN force

BY IAN DAVIDSON, FOREIGN EDITOR

TEL AVIV, March 17.

U.S. PROPOSALS for the creation of a United Nations force to permit the withdrawal of Israeli troops from southern Lebanon are being actively studied by the Israeli Government, after consultations with Mr. John Mason. But the initial reaction in Jerusalem is one of profound scepticism.

Meanwhile Israeli forces today continued their mopping-up operations in South Lebanon, as part of their declared aim of clearing out Palestinian guerrilla bases from a 10-kilometre belt of frontier territory running from the Mediterranean coast to the foothills of Mount Hermon.

Israeli authorities know that the occupation of South Lebanon will be very high on the agenda at next week's talks in Washington between Mr. Menachem Begin, the Israeli Prime Minister, and President Carter. Some strategy specialists here fear that the withdrawal of Israeli forces south of the

Lebanese border may be a precondition for the resumption of the deadlocked Middle East peace talks between Israel and Egypt.

But no one here has any very plausible plans for satisfying Mr. Begin's requirements, that there must be "an arrangement and agreement" to prevent South Lebanon from being used by Palestinian guerrillas for attacks against Israel.

The Government is sceptical about U.S. proposals for a UN force, because it doubts whether such a force could be constituted in sufficient strength and with an adequate mandate to prevent the return of Palestinians to the frontier zone and the rebuilding of guerrilla bases in the area which totals 1,000 square kilometres.

Ideally, the Israelis would prefer the legal Government in Beirut to resume its responsibilities as a sovereign state, and take over the policing of South Lebanon itself. But they know that effective withdrawal of Israeli forces south of the

30,000-man Syrian peace-keeping force, the Lebanese army split on confessional lines during the Christian-Muslim civil war of 1975-76, and the central Government under President Sarkis, has made as little progress in reconstituting an integrated national force.

The alternative is that the Syrians themselves should undertake to prevent the return of the Palestinian guerrillas to South Lebanon. The Israeli authorities remain adamantly opposed to any suggestion that the Syrians should themselves station troops between the Litani River and the Israeli frontier. But they argue that the Syrians could effectively police the river line, control the supplies and lines of communication, and put pressure on the Palestinian headquarters in Beirut.

so far avoided any engagements with the Israelis, they have done nothing to prevent the Palestinians from keeping up artillery and rocket bombardment of Israeli forces across the Litani.

In the absence of any new peace-keeping plan, therefore, there is growing speculation here that the Israeli presence in South Lebanon may prove as protracted as the Syrian presence in the rest of the country.

Britain today backed the U.S. call that Israel should withdraw its troops from South Lebanon, possibly to be replaced by an international peace-keeping force. A Foreign Office statement said Britain had already assured the Lebanese Government of its "continuing full support for Lebanon's full independence and territorial integrity."

"The threat to Israel's security from terrorist activity in South Lebanon can in our view most effectively be countered by the establishment of an international force with the Lebanese Government's support."

Muzorewa says multi-party meeting useless

By Mark Webster

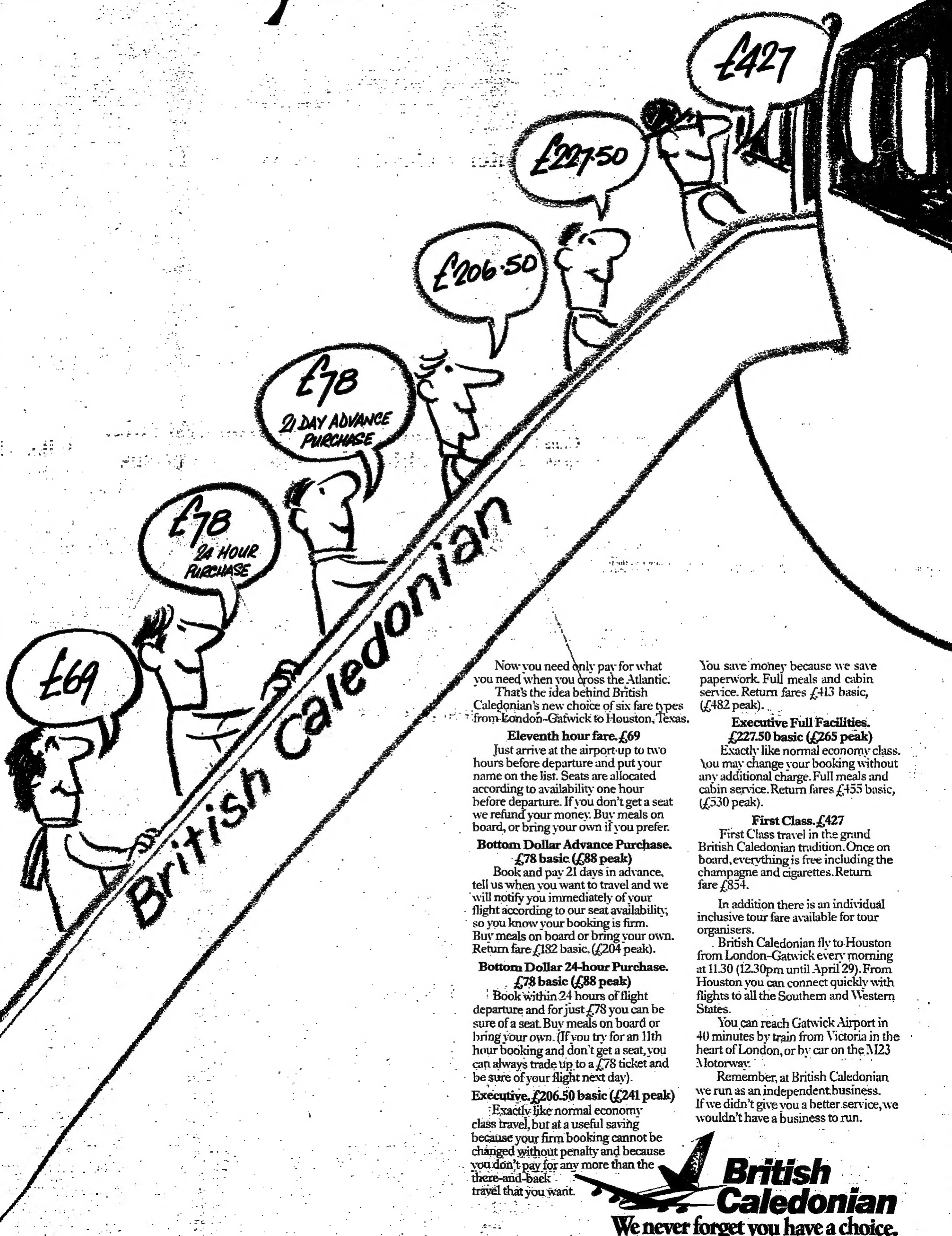
TALKS BETWEEN the Patriotic Front guerrillas and internal black nationalists in Rhodesia are of no use, one of the nationalist leaders said in London yesterday.

Bishop Abel Muzorewa, leader of the United African National Council (UANC), told a news conference that a multi-party meeting, as proposed by Britain and the U.S., would achieve nothing.

The multi-party conference was suggested by the British and the U.S. in order to end the deadlock between the signatories of the internal agreement in Rhodesia and the guerrilla forces based in nearby Zambia and Mozambique.

The Bishop said he foresaw no future for Mr. Ian Smith, the Prime Minister, in an independent Rhodesia. He said Mr. Smith had only been included in the transitional Government because it was necessary to reassure the white population.

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HOME NEWS

'Obnoxious clauses' protest delays State contracts

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

THE SIGNING of new Government contracts with the private sector was brought almost to a standstill by the Confederation of British Industry for a five-week period, Sir John Methven, director-general, claimed yesterday.

The action was taken in protest at what Sir John termed "the obnoxious clauses" proposed by the Government for inclusion in the public contracts to penalise companies breaching the 10 per cent. pay guidelines.

Sir John said, in a comment underlining the impact of the confederation's action: "We have never seen that before and I doubt if the Government has seen it before."

He said in Birmingham yesterday that there was every indication that the Government were now signing the revised documents. The confederation's action had not caused any permanent damage because existing contracts had continued.

John Elliott, Industrial Editor, writes: Sir John's claim is particularly significant because the Government's Property Services Agency since the disputed clauses is seen by leaders of the confederation as evidence that the Government are prepared to act in defiance of a key issue. But there is likely to be a continuing debate over how effective

Detail complete

Detailed drafting of these clauses has been completed by the Government. They are expected to be sent on Monday to the confederation whose specialist working party on the subject will study them on Tuesday.

If they are approved, they will be inserted in all contracts signed with the Government for public sector work during recent weeks in place of the clauses opposed by the confederation.

Details of contracts released by the Government's Property Services Agency since the disputed clauses came into force on February 22 show that it placed contracts or announced about 70 contracts during this period. They were mainly for construction work and included 13 worth more than £100,000 each.

British Shipbuilders takes over Ailsa

BY IAN HARGREAVES, SHIPPING CORRESPONDENT

THE AILSA yard in Troon is to be taken over by British Shipbuilders, it was announced yesterday. An assurance was given that every effort would be made to keep the order-hungry and loss-making concern in business.

Ailsa, which employs 450 men, has only one order on the stocks—a heavy tender for Middle East Naval Vessels Society. This will be completed by the end of this year and the yard already runs at a loss of about £100,000 a week.

The Troon yard is the largest private shipbuilding company in Scotland, owned predominantly by the Gilbey Gold Trust, which took over many small private shipbuilders seven years ago.

The Gilbey's of Ailsa is a Board member, but the family no longer has a substantial stake. Mr. Peter Hutchinson, chairman, said last night that the company was for sale for a year or two.

Survey shows risks in coal mining

BY DAVID FISHLICK, SCIENCE EDITOR

COAL, the fuel sector expected to be the most dangerous in the next few years, is also the most dangerous sector, says a report on energy hazards released yesterday by the Health and Safety Commission.

The number of workers killed by the production of electricity in Britain is put at 1.8 for a coal-fired station, 0.3 for an oil-fired station and 0.2 for a nuclear station.

The U.K. energy industry is estimated to employ more than 500,000 men, with about 5,000 excluding research establishments and workers engaged in nuclear power.

The study was prompted by a report by the Health and Safety Commission, Energy Secretary, Lord Catterall, last year, over a year ago by members of the staff association of the British nuclear establishment in Scotland.

The British nuclear establishment is a source of concern because of the potential for a major accident, which could have a significant effect on long-term mortality averages.

It says that in the long run the health risks in the industry are caused by events which such as the release of a small number of people.

Report by the Health and Safety Commission on the hazards of coal, oil, and nuclear power.

North Sea divers rescue system deal agreed

BY RAY DAFTER, ENERGY CORRESPONDENT

A NEW RESCUE system for North Sea divers is expected to be introduced in the next few weeks after months of arguments over who should pay for it.

Oil operators have agreed in principle to finance the service which is designed to carry divers under pressure from offshore structures to a rescue base at Aberdeen.

Divers who need to be evacuated quickly will be taken in pressure chambers from North Sea decompression chambers and flown ashore by helicopter.

Operators have also promised to consider reimbursing international Underwater Contractors, a group which designed the system.

The system was ready for operation in August but its introduction was delayed while offshore oil companies, diving contractors and Government departments argued over who should provide the finance.

The agreements came after a meeting in London on Thursday of representatives from the Department of Energy's diving inspectorate, the Scottish Home and Health Department, the Association of Offshore Diving Contractors, the U.K. Offshore Operators Association, the Health and Safety Executive and International Underwater Contractors.

The offshore operators have agreed in principle to pay for the system by means of payments based on the number of diving decompression sites in the U.K. sector of the North Sea. It is expected that the payments will average \$44 a day per installation for a one-year contract.

International Underwater Contractors took a gamble in providing the system specifically for the North Sea, in the hope that they would be reimbursed by the offshore operators and the National Health Service.

The company said yesterday that a \$44 a day payment would enable the system to be maintained in operational readiness.

Cheap fare flights to U.S. cities start this morning

BY LYNTON McLAIN, INDUSTRIAL STAFF

BRITISH airlines will start cheap fare flights to U.S. cities from this morning as a result of an agreement reached between the U.S. Civil Aeronautics Board and the Department of Trade in Washington yesterday.

Throughout the day, flights operating cheap stand-by fares will take off from London Heathrow and Gatwick airports for Washington, Detroit, Chicago, Los Angeles, San Francisco, Houston and New York.

On Sunday, Braniff starts its Gatwick to Dallas-Fort Worth service and on Monday British Airways starts its cheap flights to Boston and Philadelphia.

Only 20 stand-by fares at \$99 single were still available last night for this morning's flights.

In addition, the understanding promised that each country would consider favourably other innovative fare proposals based on the mutual understanding that and often acrimonious bargaining.

Most of the balance of 121 seats on the Boeing 707 have been sold at the economy single price of £227.50. Most of the passengers were U.S. citizens, a mixed bunch of people, mainly businessmen and some young people.

British Airways said last night that it expected the new cheap fares to replace its charter flights.

The Trade Department said since the Bermuda II talks on that the agreement meant that air fare advantages previously available only on the New York to London run, were now available to travellers on flights between Britain and 14 U.S. gateways.

The U.K. believed the agreement provided a sound framework for settling disputes like that involving Braniff, which between Britain and 14 U.S. gateways.

In addition, the understanding promised that each country would consider favourably other innovative fare proposals based on the mutual understanding that and often acrimonious bargaining.

Over the creation of a Scottish Assembly. The issue was described as the most divisive facing the party, affecting every issue. The party association in Scotland.

Delegates responded to a plea for unity from Mr. Donald Dewar, Labour candidate for the Glasgow by-election next month, who tied the devolution issue to the impending clash with the Scottish National party, which will be with Labour's future.

Mr. John Smith, Minister responsible for devolution, said that the 40 per cent threshold imposed on the referendum by anti-devolutionists in Parliament was not an insurmountable obstacle.

It could be overcome provided there was a strong campaign to win support for devolution when the referendum is held this autumn.

The debate again demonstrated that a split still exists

THE LIBERALS last night increased their pressure on the Government over the Budget when a senior MP said that unless "significant movement" was shown towards Liberal policies, the party would block its passage through Parliament.

It is no idle threat, for if no understanding under the Lib-Lab pact can be reached on the package to be announced on April 11, Ministers would face the impossible task of piloting the Finance Bill through the Commons without a majority—and risk being forced into an early election.

Negotiations are continuing between Treasury Ministers and Mr. John Pardo, Liberal economic spokesman, and the Liberals' own draft programme will probably be published early next week.

Mr. Alan Beith, Liberal Chief Whip, told a constituency meeting in Berwick upon Tweed that the Budget would be a particular test for the pact.

The 13 Liberal MPs could back only a Budget "which clearly sets out to meet the present needs of our country as we see them."

AN ALL-OUT effort by the Left to secure the return of a Labour Government under Mr. Callaghan was pledged last night by Mr. Anthony Wedgwood Benn, Energy Secretary, as he swung back into line with his cabinet colleagues.

His remarks, to a rally of Tribune Left-wingers in Bristol, differed sharply in tone from his recent speeches with the implicit criticism of the Government for its failure to push through genuinely Socialist policies—and are the most significant sign yet of the party closing ranks for the general election.

Mr. Benn emphasised that Labour's strength lay in the variety of opinions in its ranks. He said: "Let no one suppose that the policy debates inside the party, which will continue through the drafting of the manifesto and into the next Parliament, indicate any hesitation in working flat-out for electoral victory under Jim Callaghan."

He first appeared in court in November when the case was heard until March 10. It has now been further adjourned until June.

Hampshire police refused yesterday to confirm that they had taken documents from the company. A police spokesman said the reasons for this refusal to comment would become evident next week.

Prudent businessmen and investors should take a hard look at their South African connections. Dr. David Owen, Foreign Secretary, said last night.

He told a Labour Party meeting in Carlisle: "In investment and in trade, this country faces a painful dilemma in its relationship with South Africa. We must reduce our overdependence on that country economically. We stand to lose more than most if things go wrong."

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LABOUR NEWS

Banking union 'will not discuss change in hours'

BY PAULINE CLARK, LABOUR STAFF

THE NATIONAL Union of Bank Employees, which has long been in conflict with the rival banks' staff associations, is against "even discussing" the question of longer opening hours until it is given a "substantial role in negotiating structures."

The 111,000-strong union on Thursday rejected a Barclays plan for more flexibility in opening hours as part of a productivity deal.

Yesterday's decision by the 25-man executive committee is the first to be taken as a matter of general union policy in the clearing banks.

After a special meeting to discuss greater flexibility in opening hours, the executive also agreed to proposals for extending the services of Bureaux de Change in the banks.

The union feels that bureaux de change in the clearing banks should be used as a back-door method for achieving general longer hours of service to customers.

Mr. Michael de la Mare, Guernsey's industrial relations officer, has written to the Federation of London Clearing Banks to try to avert a series of one-day strikes by bank staff in the Channel Islands.

The bank staff want separate negotiations on pay and conditions outside the U.K. national agreement.

Mr. Leif Mills, general secretary of NUBE, said yesterday the issue of longer hours "could be raised, however, once the union was given a 'substantial role' in negotiating structures."

In the meantime, Mr. Mills believed that the banks had tried "to take advantage" of the union's withdrawal from bargaining relations with staff associations to achieve a free-hand on opening hours.

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FINANCE AND THE FAMILY

An improper investment

BY OUR LEGAL STAFF

In order to assist purchasers of small houses who may have difficulty in obtaining mortgages, the family trust which has some small houses should pay a deposit of, say, 10 per cent., pay interest on the balance of the purchase price at current building society rates, and pay a further sum in respect of principal over, say, 10 years. The trust would hold the deeds. Do you consider such a scheme possible? If so, when would the trust become liable to capital gains tax?

As we do not know the provisions in the trust instrument relating to investment of the trust property we can only offer tentative advice. A scheme such as you outline would very likely constitute a breach of trust by the trustees, as a deferred contract is probably not a proper investment. Moreover, the gradual payment of the purchase price may present difficult fiscal problems (that is in respect of Capital Gains Tax—the revenue would undoubtedly wish to hold the trust liable—possibly on a series of occasions). A prudent purchaser's solicitor is likely to advise against purchasing on such terms. The simpler course would appear to be to grant mortgages to the purchasers from the Trust Fund—if the trust investment powers permit this.

Retirement relief

My wife, who is 62, has recently closed her business of demonstration promotions and market research. Just before closure, an offer was made for the goodwill, and this was sold for £5,000, but the company, as such, was not taken over. Since the retirement age for women is 60, would my wife qualify for age relief for capital gains tax? Would such tax be related to the £5,000 received for goodwill? Since corporation tax has been paid on some of the working capital left in the business, can it be assumed that this, together with directors' loan monies, can be withdrawn without further taxation?

The so-called retirement relief from capital gains tax

does not reflect the sexual discrimination of the Social Security Acts: the qualifying age or full relief (under section 34 of the Finance Act 1965, as extended by paragraph 2 of schedule 10 to the Finance Act 1966) is 65 for both sexes, with graduated relief for people over 60. If your wife is exactly 62, she should qualify for exemption from capital gains tax on the first £8,000 of the chargeable gains arising on the liquidation distribution (or distributions) made in respect of her shareholding—assuming that the company is put into liquidation and finally wound up within two years of the day on which it ceased to trade.

The company itself is not entitled to retirement relief, so the sale of its goodwill will produce a corporation tax liability of up to £1,500. Your wife should have a talk with the company's accountants with a view to the appointment of a liquidator, for you clearly have a lot to learn about the notorious double charge on the capital gains of close companies.

A widow's life interest

About 15 years ago, my mother-in-law became life tenant of 3 properties, she and I being executors and trustees of her husband's will. The properties remain in our names as executors. Meantime, two of her sons occupy two properties and we should now like to transfer them formally so that either son could sell if he wished and buy another. Do you advise this? Would capital transfer tax be involved?

We think that you cannot formally vest the legal title in the sons. The present arrangement should be continued during the life of the widow, and only then can the legal title be vested in the sons, by assent. If a property is required to be sold it should be sold by the executors, and the proceeds of sale will then have to be held on the trusts of the will, but the widow may release her life interest in the proceeds of sale leaving them available for distribution to the remaindermen.

Capital transfer tax will not be

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

payable in respect of the death of the testator, but tax will be chargeable on the death of the widow, as being a person with an interest in possession under a settlement. It would be wise to consider terminating the settlement by agreement and sharing the value of the settled fund on an actuarial basis if the value is sufficient to make the resulting tax saving worth while. You would need to consult an accountant or solicitor as to this.

A solicitor and papers

Being dissatisfied with the conduct of my solicitor I decided to take my custom elsewhere, but he has claimed a lien on all my documents until I pay an account which I do not owe him. As I need the papers urgently, I am reluctant to go to the Law Society. Is there any other way you could advise me as to how I might obtain the relevant documents?

The solicitor is entitled to a lien for the payment of his proper costs. You can only seek a taxation of his bill or pay it if you want the papers. Alternatively you can instruct new solicitors who can seek to obtain the release of your papers to them on their undertaking to hold the papers to the first solicitor's order.

Tracing land ownership

Could you tell me if there is any source from which I can demand information as to the true ownership of a piece of land adjacent to my garden?

You may be able to ascertain who the true owner of the land is by inquiring of the local authority or inspecting the rating lists. There is no means in law by which the owner of land can be traced as of right.

American wife and CGT

My wife, who is a U.S. citizen has a dividend income from U.S. investments exempt from U.K. tax under the present tax treaty. She has to file a U.S. tax return, which so far has not resulted in any payment of tax, but this year it appears she will have enough capital gains to incur tax in both the U.K. and the U.S. Is there not some agreement so that she does not have to pay capital gains tax in both countries? I am domiciled in England, but my wife considers herself to be domiciled in the U.S.

You have not given us many facts to go on, presumably you did not see the reply published in the Finance and the Family column on November 5, under the heading "American wife's dividends," which indicated some fact that we would need to know in order to give you a helpful reply.

We take it that you mean that you married before 1974, so that your wife is domiciled in England and Wales under English law (although she is domiciled in one of the States

of the U.S. under U.S. law). That being so, your wife's sales of U.S. shares will attract tax in both countries, but of course the rules are different and so there may be no simple relationship between the gains chargeable to U.S. and to U.K. tax. The U.S. tax attributable to each gain may be deducted either (a) from the U.K. tax attributable to the corresponding gain or (b) from the corresponding gain itself, whichever is more beneficial in each case—there is no simple rule of thumb. The U.S. tax should be converted into sterling at the rate of exchange for the day on which it falls due for payment, for the purpose of calculating relief from U.K. capital gains tax.

Neither article XIV of the 1945 U.S./U.K. double taxation convention (as amended in 1968) nor article 13 of the 1975 convention (which is not yet in force) has any significant effect on the capital gains tax position, but article 4(4) of the 1975 convention (as amended by the 1977 (second) protocol) will retrospectively change the basis of assessment

in the U.K. from the arising basis to the remittance basis, if it is eventually brought into effect in its present form. Possibly your inspector will agree to accept capital gains tax computations on the remittance basis, in anticipation of approval of the 1975 convention (and its protocols) by the Senate Foreign Relations Committee, but there is no authority for him to do so.

On the other hand, if you married after the end of 1973 (or if your wife's domicile of origin has revived since the Domicile and Matrimonial Proceedings Act 1973 came into effect, on New Year's Day 1974) the position is quite different, and in particular you should be submitting your annual U.K. tax returns on the special forms 11K designed for husbands whose wives are domiciled abroad (among others).

In a public reference library, you will find copies of the 1945 and 1975 U.S./U.K. double taxation conventions (as amended) in, for example, volume F of Simon's Taxes (ISBN 0 406 06866 6).

Travellers within the Common Market

WITH THE first holiday week-end of the year almost upon us there must be quite a number of people who will be leaving home for a few days away at Easter. So perhaps it is timely to remind anyone travelling to the Continent that there is available, within the borders of the Common Market Countries, special insurance cover. This costs nothing in premium to obtain and only a relatively small amount of personal time and trouble, in walking round the local DHSS office and filling in the unavoidable application form.

This insurance is the EEC medical expenses scheme, which to a considerable extent, but not completely, parallels our own National Health Service here in Britain. Unfortunately the EEC scheme does not operate for the benefit of self-employed persons or their dependants, who are thus forced to rely entirely on the private purchase of holiday travel cover. But for the rest—employed persons, their dependants, pensioners, widows in receipt of benefit under the state scheme, the insurance is available on simple application.

Young children, of course, count as dependants, but for teenagers there are two import-

ant age limits to bear in mind—16 and 19. The teenager of 16 or more who is out at work is not counted a dependant and so must make his or her own application; but the teenager or young adult up to the age of 19 who is in full-time education or apprenticeship counts as a dependant and can be covered under the parent's application.

It is not possible to obtain details of this scheme from High Street Travel Agents—there is no commission in it for them and I have yet to find one that even carries a supply of the Government leaflet—SA28; this, however, is readily obtainable from any local DHSS Office and will provide more information than I am able to set down here.

For those who are eligible to participate, registration is by means of the official application form; and while in theory it is possible to complete the form on the spot and wait while the necessary certificate is made out, anyone making an application for the first time may be short on his or her own employment details, which may well have to be checked from employers; so probably the best course is to pick up the SA28 leaflet together with the application form, fill it up at one's place of work, and then take it back to the DHSS. Apart from

employment details, the applicant must list out his dependants, state the duration of his intended trip abroad, and identify the EEC countries to be visited.

No health questions are asked on the application form and the insurance rules of materiality and non-disclosure are not applicable; acceptance of the application is a formality and there are no underwriting restrictions for those who are of less than average health. The EEC scheme has, therefore, con-

siderable attraction for any intending traveller who would find it either expensive or perhaps impossible to buy travel cover from the private insurance market.

The DHSS provides the traveller with his EEC Certificate of Entitlement—which is known shortly as form E111. This certificate is printed in a form which is standard throughout the Common Market, though

each issuing country prints it in its own language. The British certificate is accepted as entitling the British traveller to medical treatment at least on similar terms to that provided by the particular country for its own nationals: such medical treatment more usually will be required because of injury or sudden unexpected illness, but equally, may be needed by the less averagely healthy traveller who suffers a down turn in his already shaky health.

Here in Britain medical care from doctors, hospital care, surgery and so on are still "free"—though of course paid for out of taxation—but most people have to make a contribution to the cost of dentistry and to pay prescription charges at the chemist. The British abroad does not get 100 per cent. coverage exactly parallel to his home entitlement, for each of the Continental countries has its own differing rules and norms. For example, taking our nearest neighbour, France, the British visitor will get 80 per cent. of his hospital bills met, and 75 per cent. of his prescription charges paid, but only 70 per cent. of his doctors' fees—because these are the percent-

ages that French citizens themselves can obtain. But with nine EEC countries there must be odd ones out, so to speak, and while the Dutch employ income and means tests for their own countrymen to determine the amount of State benefit they can get, the British visitor has no problem in getting full protection without being subjected to any test. In some countries the production of the E111 is an absolute essential: for example, in France the rules are that the certificate holder must first show his certificate to the appropriate authority, before seeking out the doctor or hospital. (This is all explained in the DHSS leaflet.) On the other hand, the British visitor to Denmark needs to produce only his British passport, moreover because such ports are not necessary for Britons going to the Irish Republic, in Ireland all that is required is evidence of British nationality.

Because there are eight different EEC countries that the British traveller can visit it is best to be clear at the outset what rules apply in the countries the traveller is intending to visit: ten minutes' reading, even at the last minute, on the cross-channel ferry or in the aeroplane, is time well spent.

INSURANCE

JOHN PHILIP

Placing a value on worthless bonds

THOSE OLD, yellowing papers tucked away beneath grandfather's bed, issued in a by-gone age and redolent of Queen Victoria, gas lamps, steam trains and sepia prints, may not be as worthless as might at first appear.

Collecting is by no means a 20th Century phenomenon, but the scope for would-be collectors has widened considerably over the past two decades to include such items as picture postcards, beer cans, and even barbed wire. In many cases what began simply as a hobby has turned into really big business, and put the most sought-after items beyond the pocket of the average man.

One of the pieces of history to have caught the eye of collectors recently is defunct bonds. At face value they are now worthless, with the companies or states that issued them remembered only in the pages of the history books.

Collecting these bonds is a hobby which is in its infancy in the U.K. and this makes it a potentially exciting field, as prices for these bonds generally fall within the reach of the average man, at least for the present.

Last year a stock-jockey and stock broker clerk in the City joined forces to set up a small mail order company, Non Valeurs Ltd., to deal in these bonds. With almost a year of business under their belts Messrs. John Jenkins and Barry Black estimate that turnover generated during the first 12 months will be around £15,000.

Profits, they say, are harder to estimate and one of the problems the partners' accountants are currently facing is to discover whether the business is eligible for stock relief for tax purposes—and just how their stocks, bundles of old papers, should be valued.

John Jenkins says: "Barry and I began collecting bonds as a hobby, after we saw a couple of old bonds which had been put in picture frames—they made really handsome gifts. We became interested and the whole thing just snowballed from there."

"Then somebody offered us a job lot of about 600 pieces. It



was too good an offer to miss, but the price was expensive for just a hobby so we kept a few of the pieces and sold the rest. And from that came the idea for the business."

Messrs. Jenkins and Black formed their company last June, and the first pieces they bought, for just £10, were an old atlas and two U.S. Confederate bonds. Pages from the atlas were removed, framed and sold and the profits ploughed back into the business.

"All the profits are put back into the business," says John Jenkins. "It is a limited com-

BONDS

ANDREW TAYLOR

pany and we sell through mail order advertising in trade and collectors' journals. We sell mainly to collectors and do not tend to get involved in framing the bonds.

"Naturally, because of our links with the Stock Exchange we do not deal with any still negotiable bonds, and also do not deal in Chinese or Russian bonds, although there is quite a thriving market for these."

Most of their stock is priced between 75p and £5. The highest priced item, at £200, is an 1884, Act of June 13 U.S. Confederate bond; of which Mr. Jenkins says that only 120 were

ever issued. Some of the more attractive bonds are railway stock and the company also has an 1857/62 American Express Co. bond, hand-signed by the legendary Mr. Wells and Mr. Fargo.

"This bond is priced at £100, like collectors' items in other fields, price naturally varies, depending upon scarcity—and who held or signed the bond. Serial numbers can also be important," says Mr. Jenkins.

"One customer in the U.S. collected anything and everything to do with bees and asked us to supply any bonds which related to this hobby. We found a bond which had an engraving of a bee-hive."

As well as buying and selling bonds in its own right, the company also acts as dealers for banks and the like, who are left with non-negotiable bonds on their hands and find this one market for an otherwise useless piece of paper. It generally charges a 20 per cent. commission for acting as agents.

"The banks, and people like solicitors, must have a lot more old bonds lying around. The problem is that often this material is being shrewdly as useless and the banks in this country are very reluctant to part with this property unless they are sure of ownership and convinced that the terms are in the best interest of both bank and clients."

"It is right that these principles should be observed but it seems a shame that much of this material has either been

is more advanced in the U.S. and there is also strong demand in Germany."

One of the attractions of the old bonds are the engravings, they contain illustrating the business of the company or state, issuing the stock. Railway companies are particularly popular. The engravings can be very attractive.

"The company deals with no bonds issued after 1920 and says that the best pieces are those issued before 1900. Prices have to date risen steadily but not dramatically."

By the way—people really do collect barbed wire and they can pay quite handsomely for the pleasure. Collectors' organisations in the U.K. say that the hobby started in the U.S. in the 1880's and individuals can pay several hundred dollars to own an 18 inch strip of a particular wire. There are apparently more relaxed attitudes to this—almost 2,000 different kinds to choose from.

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Broken chain of executorship

If as an executor I die before completing the executorship I understand the liability to complete the administration will pass to my executor, my wife. Is there any way of avoiding this liability, for instance, if I made no will and therefore died intestate, would the administrator of my estate escape liability? If so, and my assets were in the joint names of myself and my wife all would pass to my wife if living, and there would be no need to appoint an administrator unless the rules of intestacy override this and a proportion of the assets would have to be held on trust for my daughters?

As a chain of executorship is broken on intestacy you can achieve the object which you mention by not appointing an executor of your own will. (You could appoint someone other than your wife as executor if that person would not object to the burden). Provided the joint ownership is genuine (so that, for example, any joint bank account is operated by both joint holders) you could also avoid the need for Letters of Administration to your estate.

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YOUR SAVINGS AND INVESTMENTS

Storm cones out for life bonuses

ERIC SHORT

WHEN THE top executive of leading life company which has a good bonus record warns that bonus rates may have to be cut, then the long-term savings industry needs to take some notice. Actuaries have privately been talking of this possibility for the past 12 months, but Mr. Donald of Standard Life the first to stand up in public to make the warning public. It was followed the next day by Allister Robertson, the chief executive of Scottish Equitable. The warning should not be regarded as a "doomwatch" situation. It is a natural consequence of lower inflation and rising interest rates. Standard's recent with-profit premium rates need a yield of 104 per cent gross (61 per cent net for life company) to support the recent record bonus levels—d a similar situation is likely to apply to other life companies.

Actuaries have three alternatives should interest rates fall below this limit, and all of them are clearly spelled out by Mr. Donald. He rejected the first: supporting bonus levels. He is in the hope that interest rates would return to previous levels. The two feasible alternatives, he said, were in Mr. Donald's eyes, to recalculate the bonus rates for new business support the level of bonus, which would mean substantial cuts in rates; or to keep rates the same, but to cut bonus rates on all with-profit business. Mr. Donald favoured the former course of action. It would certainly be preferable to the field staff of

assurance brokers, who make their sales pitch on the absolute level of bonuses. But Mr. Robertson felt that actuaries had no choice but to cut bonuses if they wished to maintain fairness between the various generations of investors. The marketing personnel are in fact victims of their own market approach. They have concentrated solely on showing the absolute return to policyholders at maturity, and have made no attempt to relate the actual yield to inflation over the same period. So a higher bonus rate shows a larger money profit, even though the investment return might well be negative.

If the threat of bonus cuts forces life salesmen to be more realistic in explaining investment returns to prospective policyholders, then so much the better. In these circumstances, I would question very seriously the practice of showing estimated maturity values on current bonus rates. Up to now this practice has been acceptable only because bonus rates have risen or remained steady. But with the prospect of a cut, then surely at least two rates should be used so that the investor has some idea of the expected return. And companies should show the yields. I am well aware that the small print at the bottom of the quotation form states that future bonus rates are not guaranteed, but how many investors have this point explained to them?

The other feature of quotations is the use of terminal bonuses based on current rates, for maturity several years hence. Since terminal bonuses are intended to fluctuate, a projection is meaningless.

Crackdown on cheap loans

HERE IS a depressing prospect before those of you who are cheap or interest free loans from your employers. The benefit you derive therefrom is in all probability about to become taxable. Under the provisions of the Finance Act 1976, from April 6 each benefit will be taxable unless: (a) it is a loan for purposes such that it is not likely to be a relief in any way (that is, it is not a purchase); or (b) it is worth less than £50 a year. The size of the benefit you derive from such loans is established by means of calculations which hinge on the fact that, at the moment, the Treasury reckons that you would be paying 9 per cent, per annum for a commercial loan. The rate can be changed from time to time. In the first two years of the new regime—that is, the tax year 1978-79 and 1979-80—the taxable charge will be halved: so that gives you a chance to phase in your borrowings out. It's not worth refinancing

them, of course: after all, your employer is sparing you interest, even if the interest spared is taxable. Only if the benefit you derive is only marginally over £50 (in which case you will have to pay tax on the lot) might it be worth your while to borrow just enough to bring it below the threshold.

Gold price correlations

FOLLOWING HIS assertion last month that gold and Wall Street tend to move in opposite directions, Richard Lake, the resident chartist at stockbroker Grievson Grant, reports some further evidence. The client who originally stimulated Lake's inquiry, has done some research of his own. He has discovered that American shares and gold have moved contrarily on a daily basis for 82 per cent of the time since 1972. This conformation from short term movements makes the argument look still more interesting. But the old belief that the best inverse correlation is between gold and the U.S. dollar is hard. So what we need now is someone to trace this relationship too on a daily basis since 1972.

WE HAVE now reached the stage at which barely a day goes by without the coming introduction of traded options hitting the headlines: and since the date is still scheduled for sometime in April, this seems an appropriate moment to start considering the implications of the move.

An option—a call option, that is—provides in essence the right to buy a given stock at a given price, within a given period of time. That right is worth something: and what it is worth is called the premium. The size of the premium will vary according to the probability that shares in that particular company will hit the price at which the right to buy may be exercised, (known as the exercise price, or the striking price): if

it's highly unlikely, the premium will be low; if it's really quite probable, then the premium will be high. He (or she) who would buy a call option will, at the present, make money once the price of the stock has risen sufficiently far above the given price, to compensate not only for the outlay on the premium, but for any other expenses incurred. Since the premium is generally relatively small, if things go well an option is an excellent way of making a very large return on a relatively small outlay. So much for basics. Now, the snags to the present system are

Opening up the options markets

BY ADRIENNE GLEESON

as follows: in the first place it does not provide the "writer" of the options—the chap who agrees to sell shares at a given price in return for the premium—with a particularly flexible deal; and in the second, it has been relatively inflexible even in respect of the man who would buy the option. Both of them have been committed to sitting out the given period: the first to discover what sort of unquantifiable loss he has made for a small return, and the second to see whether he

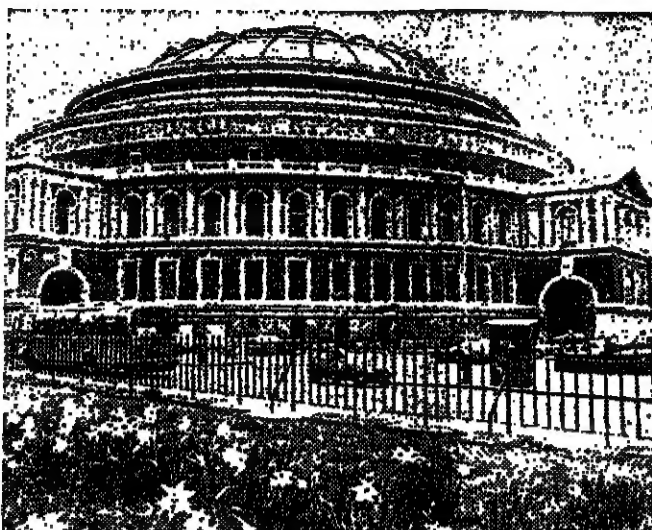
has made a big return or lost his money completely. In introducing traded options the idea has been that such blockages would be eliminated, by—more or less literally—allowing both sides to keep their options open. In place of the present rigid arrangement under which anyone who bought a call option and later regretted it must live with his withering hopes and his withering assets until the date at which the option must be exercised was past, it will enable him to offload the problem onto

another optimist. In place of the present rigid arrangement under which anyone who has written an option and watched in horror as the shares he had considered dud, swooped upwards to the striking price, must sacrifice the shares that he has already or chase the market up still further for those which he has not, it will enable him to close off his position by buying options for himself to match the liability. In the interests of opening out the range of possibilities which options offer it has, however, been necessary to add some complexities to what is in essence an extremely simple

bargain. In particular, it has been necessary to introduce an official clearing house—to hold the ring—and to establish a much more uniform and less haphazard market. We shall examine the technicalities more fully next week. For the moment, though, is the new system to be welcomed?

Looked at in the light of pure reason, buying options is a mug's game: the man who wins is relatively rare, and the man who wins consistently is virtually unknown. Man is not, however, governed by pure reason alone: if he was, there would be no such thing as premium bonds. A market in traded options won't do anything for the country; but it should provide individual investors with some fun.

Albert's memorial



NEXT TIME you go to the Royal Albert Hall, on a spur-of-the-moment decision and having queued for the stalls and found yourself relegated to the balcony, look down to see a scattering of plush and empty seats below—do not curse the management. It is not a sign that they are holding seats in reserve, lest Jackie Onassis or the Shah of Iran should arrive with a burning desire to hear the masterpiece of the evening. It is not even a sign of malfunction on the part of babysitters or British Rail. It is, a consequence of capitalism in action. Those seats will be numbered.

Those seats will be numbered, in all probability, amongst the 1,377, in boxes and stalls, which belong to seatholders of the Royal Albert Hall. As seatholders may attend events at the hall, free of charge, on all but 87 days of the year. They may also attend the annual general meeting; and from their numbers will be elected 18 of the 23 members of the council which establishes policy for the hall and oversees its financial affairs, and the President.

For such pleasures and privileges, the would-be seatholder might have to pay quite dearly. He will only be able to buy if other seatholders want to sell; and then only if his name happens to be somewhere near the top of the "very long" list of prospective buyers which the hall maintains. The price at the moment—and supply and demand operates, in a modified fashion, so it isn't possible to be too specific—is around £800 for one of a pair of seats in the stalls. That, though, isn't the end of the expense. In addition seatholders are called upon for an annual contribution—set by the council—to the cost of running

and maintaining the hall. At the moment that is £50 a year—having risen from £2 in 1876, when the annual levy was first introduced.

Still, with the Royal Albert Hall staging events on over 300 of the days of the year, in itself that's a small price for the entertainment. Of course no one individual would want to take in the lot, for the choice ranges from covered court tennis to the Royal Choral Society's Messiah, from brass band championships to the Festival of Remembrance. Hence the empty seats. But if you think that the institution was invented with the needs of the company box holder in mind—or, for that matter those of the ticket agency—you are mistaken. It dates from the first attempts to raise the money for the hall, in 1865.

The prospectus issued that year offered seats in perpetuity to those prepared to pay for them in units of £100: this £200 secured a pair of seats in the stalls, £500 a second tier box, and £1,000 a box in the grand tier. Almost from the start it was plain that the hall would have to be let to provide the money to cover the over-

heads; and now the lettings provide by far the bulk of its income. But when the hall has a run of years at a deficit—nowadays a fairly rare occurrence, for the council steers well clear of the financial risks of promotion, and the 1971 restoration eliminated the worst of the occasional but urgent demands for cash—in the seatholders who have to find the extra.

Anyone disinclined for the somewhat remote risks which that implies—or for the potential delay in obtaining a seat—could of course always purchase himself a brief but brilliant moment of glory by hiring the hall instead. It doesn't cost so very much more than a seat in perpetuity: £1,050 at the moment; for anyone looking to stage one of the artistic or scientific events for which it was originally designed; rather more—some £1,500—for light music; and more again for sporting events for which the seating and lighting has to be rearranged, and the staff kept on duty for an indefinite period. Mind you, there's likely to be a bit of a wait for that, as well.

ADRIENNE GLEESON

The rich—a threatened species

THERE CAN be few experiences more exasperating, than to embark upon an academic investigation of length, weight and distinction, only to have its findings pre-empted by those of a Government body appointed in the interval. Professor A. B. Atkinson, upon whose investigation (with Professor A. J. Harrison) of the Distribution of personal wealth in Britain this untimely fate has fallen, was bearing up under the cross when he launched the work upon the world last week. Given the resources at his command,

he said, the Diamond Commission should have been very much more thorough in its investigations. It is, nevertheless, differences of size, rather than substance, which the two professors' investigations reveal. They estimate that the wealth of the top 5 per cent of the population is perhaps 50 per cent higher than previous Inland Revenue figures had suggested (allowing for tax evasion and avoidance); but that the share of the top 1 per cent was (allowing for under-recorded smaller scale wealth) roughly as it had been thought

to be: about 30 per cent, in 1972, and dropping regularly by some 0.4 per cent, per annum. But if you think that that suggests that the rich ought to become a protected species, Professor Atkinson would not agree. In fact he thinks the figures could well be deceptive, because the rich hold so large a proportion of their assets—some 50 per cent—in stocks and shares; and the market is, by historic standards, undervalued.

*Distribution of personal wealth in Britain, by A. B. Atkinson and A. J. Harrison. Cambridge University Press: £10.50.

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PICCADILLY

FASHION

The least mysterious East

BY ARTHUR SANDLES

EVERY NOW and then the business traveller gets something of a shock as far as his clothing is concerned. The past few days here in Hong Kong have provided such a surprise. The weather has been cold and wet. All that relaxing spring clothing has remained packed, and the one dark suit I brought is being heavily overworked. Business shirts have been going to and from the hotel laundry with impressive speed.

The weather has been only one of the surprises in this spectacular and fast-moving city. The other is Hong Kong's image as a source of bargain basement fashion. It is said to report that the day of the \$50 hand-made suit is over. Although reputable tailors will still make you a suit in a few days—at Sam's you are shown suit orders from Ted Heath, Jeremy Thorpe, and a bevy of British royals—the cost is likely to

be around \$60-£80, and probably much more if you seek out high quality British or other European suiting. The cut seems determinedly Anglo-Saxon mainstream and payment normally instant.

Tailor-made shirts cost around \$5 for cotton and \$8 for silk, but you have to be very careful about collar styles, and be prepared to bargain.

Ready-made clothing in local shops is, however, remarkably cheap. Brand name jeans, such as Wrangler and Levi, cost less than half London prices.

The low cost of such cotton-based products is hardly surprising since textiles still account for the bulk of Hong Kong's exports. Local prosperity is having its effect on manufacturing costs and some factory owners send their work out to the workshops of nearby struggling Macao where labour settles for con-

siderably less than the going rates in Hong Kong.

Oddly enough Hong Kong may now be benefiting from textile protectionism more than it is losing. By imposing quotas based on past performance the EEC and the U.S. are actually keeping out the colony's rivals while preserving its share of those markets.

In the local retail shops, however, apart from bastes even Hong Kong demonstrates how good Britain is nowadays for quality fashion at reasonable prices. We may wince at Savile Row bills these days but what costs you \$350 there will produce a much higher quality in Paris or New York. Good ready-to-wear clothing in the U.K. is considerably more fashion alert than in the mysterious East and, quality for quality, surprising value.

Jaeger, for example, is not noted for being at the cheaper end of the market but, if you

are thinking in \$25 to \$35 terms you will find the bulk of the range in that area. Most of the suits show the influence, but not the extreme of the trends towards softer, long lines.

The British apparently still lead for the darker colours and more sober cuts on Jaeger hangers, but Jaeger light-coloured suitings are selling well to tourists—is London really still dirtier than Paris?

The suit illustrated is a superbly soft single breasted one in all wool. It comes in pale grey or a light beige colour. Both of these are perfect for the English spring. It costs around \$110 from Jaeger branches.

Come to think of it they would also be perfect for March in Hong Kong. But it is too late now.

Worn with the suit is a white and grey striped cotton shirt, £17.50, and Jaeger tie (these start at \$8.95).



Photograph by Trevor Hemmings

beyond their means the news is bad in that Simpson Jermyn Street does not seem to me to be any cheaper. But the look is undoubtedly different.

Georgina Simpson has combed several countries and though London being the fashion centre it is, most of us are used to seeing racks full of the best that France and Italy have to offer, new to me are the American clothes. Most of them are a joy in that they are singularly "happy" clothes—made in fresh, bright colours, most with distinctly individual touches, so that no two items are identical. The names to look out for in particular come from California—Jeane-Marc, Scarlet Speedwell and Sweet Inspiration.

From France I liked best some marvellous separates by Marinelli and I'm happy to say that Britain hasn't been neglected—Wendy Dagworthy, Jane Cattlin, Anna Beltrac,

Shuji Tojo and others will all be found on the racks.

For men the outlook is very good—I loved the casual, leisure wear in particular. It happens to hit that very happy note of looking relaxed and comfortable and yet not hippy or slovenly. I loved in particular the casual blouson tops (two of which are sketched here) all of which can be teamed with toning gaberdine or corduroy trousers. They also do a nice look in suits, matching jackets to non-identical trousers, all very simple but impeccable when done by people of the calibre of St. Laurent and Valentino. One of my current favourite designers for men is Georges Rech who is simply represented at Simpson Jermyn Street.

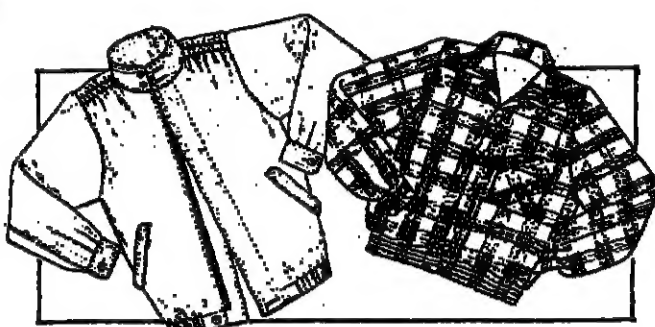
To give you just a small flavour of the clothes on sale I've chosen three garments to be sketched—two blouson jackets for men and one of the colourful quilted trouser suits from California for women.

Jermyn style

THE CHIC fashion show of the week was undoubtedly the one held by Simpson Jermyn Street. If you weren't invited to that, you felt like the American businessman who's just had his key to the executive washroom taken away. As the gossip-writers say, anybody who was anybody was there and just like at all the best parties the champagne ran out.

But apart from all that, as somebody said to Mrs. Lincoln, how was the play? What, in fact, is the shop actually like? Well, it's really very nice. You go through these doors (note the name, Simpson Jermyn Street) and there you are, almost as if you've entered somebody's "tastefully" furnished drawing-room (if it's women's clothes you're after) or else an equally "tastefully" done country club library (for men's clothes).

You probably think the name,



Above: Typical of Georges Rech's relaxed approach to men's fashion is this quilted jacket, \$55. Centre: Daniel Richter designed this quilted checked jacket. Made from 80 per cent wool it is cream, grey and rust, \$35.

California is unique—there are other quilted jackets of different shapes or in different colours but no two are exactly alike. The colours are stunning. Made from 100 per cent cotton it is \$79. There are trousers designed to be worn with the jacket for \$19.

Drawings by Jan Wheeler.



Simpson Jermyn Street, sounds vaguely familiar and you'd be right. It is related, very closely, to the august establishment of Simpson Piccadilly.

Georgina Simpson, only child of Dr. and Mrs. Leonard Simpson, is the main inspiration

behind the new shop. She wanted to sell clothes with a different sort of handwriting from those normally found in the main store. She has aimed at clothes without an age-tag but with an overall younger, but still sophisticated air about

them. For those who have always liked the main Simpson store but found its prices

Old Cockaigne

LAST YEAR London absorbed 20m. visitors, 11m. home grown and 9m. from overseas. Doubtless most of the first timers among them did all the conventional things—a shopping trip to the Marble Arch branch of Marks and Spencers; a stare at the Crown Jewels at the Tower of London; a wander from Leicester Square to Piccadilly Circus to see the lights.

All are worthwhile jaunts, even more so in 1978 now that M. and S. has added another floor to Marble Arch. Leicester Square has been pedestrianised and, at long last, the Tower is celebrating its ninth century with a History Gallery in the original White Tower. But in seeing the sights of London you will see very few Londoners. So, with the safe assurance that all the obvious attractions of London will be looked after by the visitors pre-knowledge, and the help of tourist guides, here are some hints as to what Londoners might be doing in 1978.

Some will be going to the theatre although in the summer the theatre audience is often predominantly foreign which can mean that very British comedies must fight against a rather leaden response. But there should be few problems with Evita, the new Rice-Lloyd Webber musical which opens in June at the newly named Prince Edward Theatre (formerly the Casino). Another musical which does not disappoint is Elvira at the Astoria, and for the children the revival of Oliver at the Albery will be a certain treat.

In the drama the Royal Shakespeare Company at the Aldwych is presenting the quartet of Henry VI. and the three parts of Henry VI. and other plays worth seeing are The Once a Catholic at Wyndham's and Privates on Parade at the Piccadilly, which provide laughs for sophisticates, while the funniest production in London is Bedroom Farce. This is in repertory at the Lyttelton, one of the three auditoria at the National Theatre which is a must to visit for its modern decor and front-of-house attempts to spread the drama throughout the complex.

If you are a keen play-goer a visit to one of the many "fringe" theatres is recommended: the friendly atmosphere (they are often situated in pubs) and the close contact with the actors compensates for the hard seats and the naivety of some of the plays. The Bush at Shepherd's Bush; the Kings Head in Islington (where you can also eat); and the ICA in the Mall—London's "official" home of contemporary arts

—usually have something interesting.

The Royal Opera House Covent Garden tends to go rather planisimio in the summer but the Coliseum keeps open with opera sung in English by the English National Opera. This year it looks as if the lover of the arts will be happiest in the art galleries and the museums. The Royal Academy, an imposing building on Piccadilly, is much more active these days with its exhibitions, and promises a fine collection of Victorian Art in the summer; the Tate is showing William Blake; and the Victoria and Albert, under Roy Strong, always has special displays with a popular bias.

TRAVEL

ANTHONY THORNCROFT

At one time visiting the Tate Gallery, stranded on one of the bleak stretches of the Thames embankment, needed a great thirst for art; now it needs a much lesser thirst for good wine, for the Tate Gallery restaurant, quite exceptionally for any public restaurant in London, is now rated one of the best in the capital. There is no need for tourists to eat badly in London but often they fail to eat really well. For a start traditional British cooking is best prepared in the home rather than in a restaurant, and some of its more famous providers, such as Simpsons in the Strand and Rules in Maiden Lane, are more attractive for their atmosphere and Victorian fittings than their food. If you must eat British (and you ought to, at least once) The Hungry Horse in the Fulham Road is good and reasonable.

Probably the best bargains, and the most interesting dishes to be found in London, are in the cuisines which were drawn into the British experience through the Empire. There are hundreds of Indian restaurants providing very cheap meals, and while many are routine a few are quite exceptional. The area around Cleveland Street has some of the best, but if you want to pay more for more relaxing surroundings the two Gayford restaurants and the Shezan provide a night out rather than a quick meal.

In the same way there is a host of Chinese restaurants, and once again the standard is rising steadily. They are massed around Gerrard Street in Soho, the new London Chinatown. Originally they sup-

plied just Cantonese cooking but now you can eat Pekingese and even Szechuan. The Lee Ho Fook restaurants in Chinatown are particularly authentic—queues waiting to eat, unmemorable decor, waiters who hurry you through the meal but some of the best and most reasonable food in London. The sophisticated Chinese restaurants are those run by Mr. Chow and Poon. The other food is given the respect it deserves and the surroundings are suitably smart. The other national cuisine with a big hold on London and which is equally cheap and interesting is the Greek. The best restaurants here tend to be south of the good Indian, in the Charlotte Street area.

These colonial remnants all provide bargains—the chains of hamburger bars and steak houses tend to serve indifferent food at more costly prices. Italian restaurants are reliable, and there are growing numbers of Japanese (rather expensive) and American. Some of the trendiest new restaurants in London attempt to import a touch of New York, or in the case of the Chicago Pizza House of Pall Mall, the mid-west. London is a good place for pizzas, especially the Pizza Express chain, but the Chicago Pizza House is exceptional in the lengths it goes to transport you to Chicago, even down to tapes of a Chicago commercial radio station. A recent American addition is Peppermint Park in Upper St. Martin's Lane, which stays open late and for a few more weeks at least will be the place where unknowns will go to stare at unknowns, and perhaps recognise the odd famous face. Its entrenched competitor is Joe Allen's in Exeter Street, Covent Garden, which still attracts more than its fair share of actors and media hangers on.

Covent Garden is undoubtedly the most fascinating new old area of London. The removal of the fruit and vegetable market has miraculously not led to out-of-scale new developments. Instead the old houses, many of them 18th century, have been converted into dozens of small businesses. To service these mainly young entrepreneurs restaurants and wine bars have emerged—the wine bars gaining a more solid clientele perhaps than the expensive restaurants. In particular Brahms and Liszt, and Crawford's are thronged with the under-thirties who are not only there for the wine, and the Rock Garden provides a little of the most interesting new features of London life. Some are cosy and take their job seriously; most are more social in their appeal; invariably



St. Katherine's dock—a mixture of new hotel alongside leisure facilities created out of old docks and warehouses.

they offer reasonable food and quite often music at night.

It is idle to pretend that London is a good place for night life. The public transport system closes down soon after midnight which sums up the general attitude. There is Soho, which is safe but unromantic, and the Earls Court Road which is younger and perhaps more sinister. The Talk of the Town offers fairly famous entertainers and is reasonably priced, but hardly reaches the heights of an international night spot. More intriguing is Country Cousin, a long way down the Kings Road but also a bargain, if only for the clientele which leans towards the gay. The smartest discotheques, like Annabels and Tramps, are members only, but you can move around in interesting circles at Dingwalls in Camden Town or Barbarellas in the Fulham Road, close to the Chelsea football ground, and a visit to soccer, or the dogs at White City, or speedway, will ensure very close encounters with everyday Londoners.

The East End is also a close community, but very friendly. You only see its money-making side in Petticoat Lane on Sunday morning, although this is a must both for sights and cheap buys. A more authentic Cockney market can be found in East Street, off the Old Kent Road, also on Sunday morning. The stalls are not geared to tourists, but as a slice of real London it could hardly be improved on, especially if you follow it up in a local pub, preferably one with live entertainment. Pubs offer the best of London, ranging from the quiet locals where darts and a coke fire rule, to the big pubs specialising in teenagers and topless go go, or the middle aged and sing songs, or jazz, or strip, or a piano, or virtually everything. Try the Samuel Pepps in the City or the May-

flower downstream for river views, the Salisbury in St. Martins for genuine pub effects, the Grenadier in Wilton Row where, if guards and debs exist anywhere they linger here, the Black Cap in Camden Town for "drag", and the nearest tucked-away pub to your hotel.

But like every great city the most interesting parts of London are its streets and villages: there are countless High Streets which service the immediate self-enclosed neighbourhoods. The most scenic are Hampstead, although the village is a disappointment compared to the open heathland at the top, and the attractions of Kenwood House, an art gallery which will probably please more than the National Gallery; Greenwich, where there are views of the Thames and the National Maritime Museum, and the chance to stand with one foot in the eastern and one in the western hemisphere; the Kew, Richmond, and Hampton Court area, where as well as the Gardens at Kew there are fine mansions at Chiswick and Syon and an excellent jazz pub at Barnes, in the Bulls Head; and Notting Hill, where Petticoat Lane market usually offers a few bargains, even if real antique seekers are best advised to go to Bermondsey, near London Bridge, on Friday mornings where the antique dealers come to pick over the merchandise gathered in from all over the country during the preceding week.

London is attractive on the surface; much warmer deeper down. But immersion takes time. Striking out on your own, grabbing a bus with a quaint sounding destination on front, is as good a way as any of plunging in. All streets are open, except perhaps for a few in Brixton. London is remorselessly turning out towards its suburbs, but as yet urban decay

is not very marked, and the smartest areas of Belgravia, Chelsea, and Kensington, still offer squares and crescents unequalled anywhere in the world for style and charm. And if Buckingham Palace is rather a sombre mass, at least the parks, another joy of London, are close by. The Queen is in residence if the flag is flying—otherwise see her at Madame Tussauds on the way to the Zoo in Regents Park.

Your Week-end in Austria 7.75, Belgium 5.75, France 2.50, Italy 1.75, Greece 6.50, Spain 1.50, Switzerland 2.50, U.S. 1.75. Source: Thomas Cook.

GARDENING

Daisy, Daisy

WHY THE world's most beautiful daisies should almost all come from South Africa I do not know but to me that seems to be the fact. Just consider the roll call: gerbera, dimorphaea, osteospermum, ursinia, arototis, gazania and many more. As rivals in the beauty stakes one could suggest the colmias from New Zealand with superb silvery leaves and large, yet delicately formed flowers but their colour range is limited to white and they are not easy plants to manage. Or one could consider the extraordinary climbing mutisias from California, supremely lovely in their best species such as salmon pink Mutisia oligodon, but others can be untidy to the point of fattiness and again one needs a certain degree of luck to grow them successfully.

By contrast the South African daisies are mostly easy to grow, a trifle tender, some more so than others, but on the whole reliable except for gerbera the Transvaal or Barberton Daisy, the queen of the flower market though it has not yet made much impression in Britain. In part this is due to our slowness in acquiring the best strains, most of which appear to have been raised in France and Holland and few of which can be purchased anywhere in Britain. "Too expensive," I am told. When I asked why I cannot buy a packet of seed of, for example, the superb varieties which are being produced by Professor Buys at La Londe in the Var, he was far from far from the wild gerberas, with much sturdier stems, several rows of petals to each perfectly formed bloom and a range of colours which includes lovely shades of soft pink, muted oranges, yellows and reds. These, who- ever their colouring pure, Professor Buys's gerberas are being extensively grown commercially on the Continent for the cut flower market but I have not yet met them in Britain. A few good strains are available from a very few seedsmen, Van Wijk's Strains from Utrecht and a variety named Ramona from Doles. No doubt there are more, that I have not discovered, but on the whole, if you go to buy gerbera seed from a British seedman (and now is the time to do it), it is the more old fashioned strains that will be on offer. Do not hesitate to buy them. They may not be quite as spectacular as the best but they will still be the most lovely daisies you are likely to have seen.

Gerberas are not the easiest of plants to grow but they are by no means so difficult as they are sometimes made out to be. The essentials are good light, good drainage and an equitable temperature. A mixture of equal parts loam, peat and gritty sand will suit them and you will find it easier to manage them planted in a bed of soil on the floor of the greenhouse than in pots in which they can dry out or slave too easily. It is not a bad idea to plant them along the top of a low ridge, the kind one would form when earthing up potatoes, as this will prevent water collecting around the crowns of the plants and that is one thing they definitely do not like. Much of the year they will require no artificial heat and lots of ventilation. Even in winter it will be sufficient to keep the temperature between 10 and 15 degrees Centigrade (50 to 59 degrees Fahrenheit).

From the standpoint of fuel consumption these are very economical plants to grow. Like perpetual carnations it is probable the plant for you.

Even better in this respect are arototis and the remarkable race of hybrids raised between that genus and venidium. With these one can have wonderful shades of wine, coppery orange, purple and mauve as well as more ordinary yellows, and oranges. The arototis are readily raised from seed in the same way as gazanias or dimorphaeas and seed is freely available but the vendid- arototis hybrids are almost completely sterile and must be increased by summer cuttings. Because they produce no seed, they just go on flowering and flowering until they often wear themselves out and so it is really necessary to root a few cuttings every year and keep them in reserve. It is not too difficult to do and if you are looking for a real star performer in the daisy family that will grow outdoors, this is probably the plant for you.

tion from damp that their most urgently need.

The osteospermums do not even require a greenhouse, except in the coldest parts of the country, and put out of doors the best of them will flower, more or less non-stop from early summer until late autumn according to the onset of frost. The kind that is easiest to acquire is Osteospermum barbariae, usually sold under its old name Dimorphaea barbariae. It is a sprawling plant, with marguerite-like flowers, usually in some pale shade of lilac or mauve, always deeper coloured on the reverse of the petals and occasionally pure white. But the osteospermums are a confused race even in South Africa and I suspect that at least some of the plants that pass here as Osteospermum (or Dimorphaea) barbariae are really other species. One which is typically has white, one-centred flowers but can also be pure white. Some forms are bushy others almost completely prostrate, and it is probable that the sprawling forms are harder than the more erect forms.

All the osteospermums are easy to raise from seed if only one can find a source of supply but few seedsmen seem to know anything about them. Some nurseries stock a few varieties and since they are so easy to grow from cuttings (either true cuttings taken any time during the summer and rooted in sandy soil in a pot slipped inside a polythene bag, or Irishman's cuttings pulled off the base of the plant with a few roots already attached so that they can be replanted directly outdoors) they are turning up in increasing numbers in garden centres.

The true dimorphaeas are all annuals, those readily available in Britain, almost all hybrids in a range of lovely pastel shades including amber, buff, old gold, apricot and shades of yellow and orange. They are hardy enough to be sown outdoors in April where they are in bloom, which should be a warm and sunny place, but I prefer to sow in pans in greenhouse, frame or sunny window, transfer the seedlings singly to small pots and plant out when they have filled these with roots and are well able to look after themselves.

This is also the way to grow gazanias, those richly coloured sprawlers that paint the South African roadsides with brilliant orange and yellow often with concentric rings of colour or a central zone of black. Again it is none too easy to acquire the species and many a like, pre- fer to offer hybrids with larger flowers and usually a more erect habit which I do not consider an advantage. I like to see gazanias carpeting sunny banks, rocky slopes and gravelled or paved areas where their roots are sufficient soil for them to get root hold which they do very efficiently. However, the hybrids do have the twin aspects of large flowers and a considerable colour range, including some shades of purple that are not to be found easily in other flowers.

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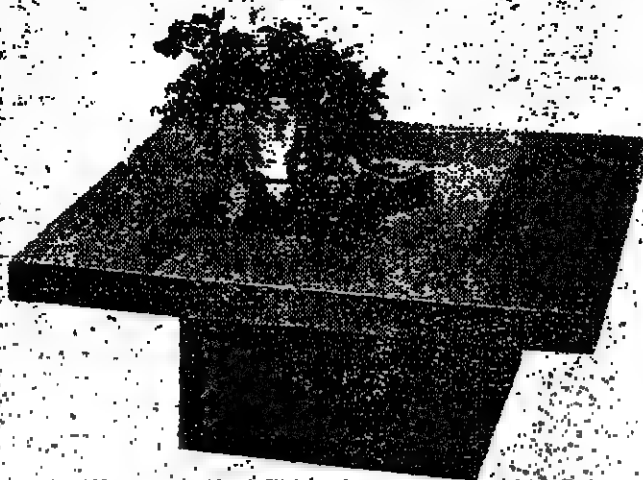
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HOW TO SPEND IT

by Lucia van der Post

Eyecatchers at Olympia

AS I mentioned last week—didn't especially well-priced or, occasionally, if you're lucky, just show was most notable for an abundance of new ideas. However, as always, if you look carefully there are a few things that catch the eye, either because they're particularly useful, or Solid Fuel Advisory Service



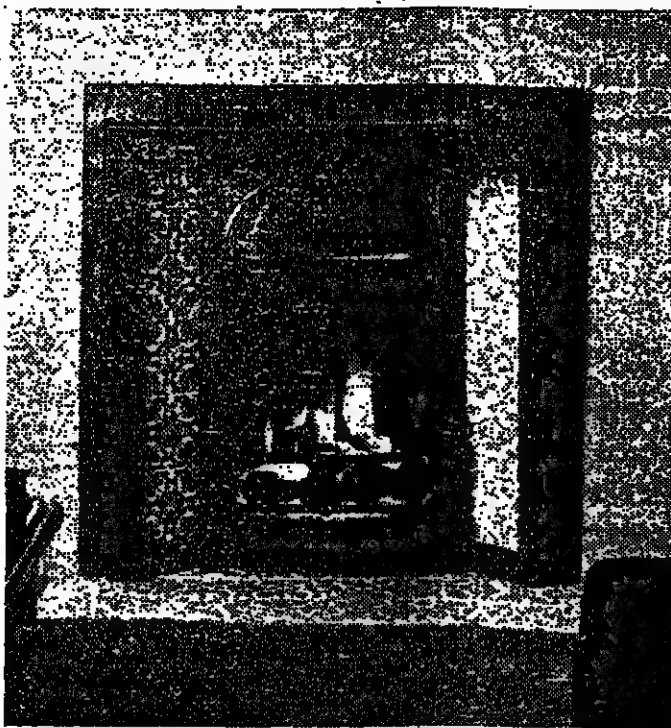
A new coffee-table from G-Plan

stand. As always, they do an imaginative job in persuading people to open up their old fireplaces and use them for fires—not just because solid fuel is often the cheapest, most economical way to heat a house, but also because some of these old fireplaces hide genuinely lovely antique pieces of work.

Anybody who wants a beautiful old English fireplace (French ones I've written about before and they've been available over here for some time) should go along to Mr. Wandie's Workshop at 200-202, Garratt Lane, London, S.W.18. There is also a coloured leaflet illustrating typical examples which they will send to readers who send an S.A.S.

The Workshop specialises in rescuing the fireplaces that used to grace the rooms of London's suburban villas and artisans' houses in the latter half of the 19th century. At the workshop you may see a collection of unique, original and, usually, antique fireplaces all of which have been restored to their original splendour.

Besides selling the fireplaces paint and so on) there is also themselves (and the workshop offers many different finishes, if it's not a fireplace that you shootlist, brilliant polish, black lead, matt or eggshell black, range—well, the workshop offers



One of Mr. Wandie's antique renovated fireplaces

those, too. Prices vary as every item is unique, but fireplaces start at about £80 and most are between £80 and £150.

From the old to the very new G-Plan is a company which produces furniture that sells in its many thousands and is therefore thought of as middle-of-the-road, treading that careful path between being acceptable to many and offensive to none. I have to admit that I haven't liked much of its recent offerings but this year's collection of new ideas, while not exciting, seems to offer some decent, honest, good-value furniture.

In particular, I thought this coffee table (top left) to be elegantly designed and made from generous proportions (it is 39 inches square and 16 inches high) and is made from a most intriguing new veneer with a burn-like pattern to it. There's a solid brass inlay and the centre portion is of tinted glass mirror.

I saw it on the Ferrings stand and all Ferrings branches are currently selling it for £90. Those who don't live near Ferrings branches should be able to find it in their nearest good furniture store.



ANYBODY who has been looking at any fashion pictures recently can't help but have noticed that frills and lace are what the summer look is really about. Wherever one turns there is broderie anglaise, lacy knits, frilled and ruffled blouses and all the other delights that we used to think of as being pre-war. The penchant for frills has, not surprisingly, found full approval from the nightwear designers, who, truth to tell, were both to leave it off even when it went out of fashion.

In fashion or out I think this polyester/cotton broderie anglaise negligee and its matching sleeveless nightdress make a fresh and summery two-piece, just the thing both to enjoy wearing and to take when needing to impress smart ladies' maids and hotel chambermaids. Made by Saxon, it looks its best in white, I think, but for those whose taste turns to pastels it also comes in blue or pink. The two are sold together as a set for about £55. You can buy it now from Dickins and Jones, Harrods, and Bourne & Hollingsworth in London or from Vicki Bond of Cookham, and Schofields of The Headrow, Leeds.

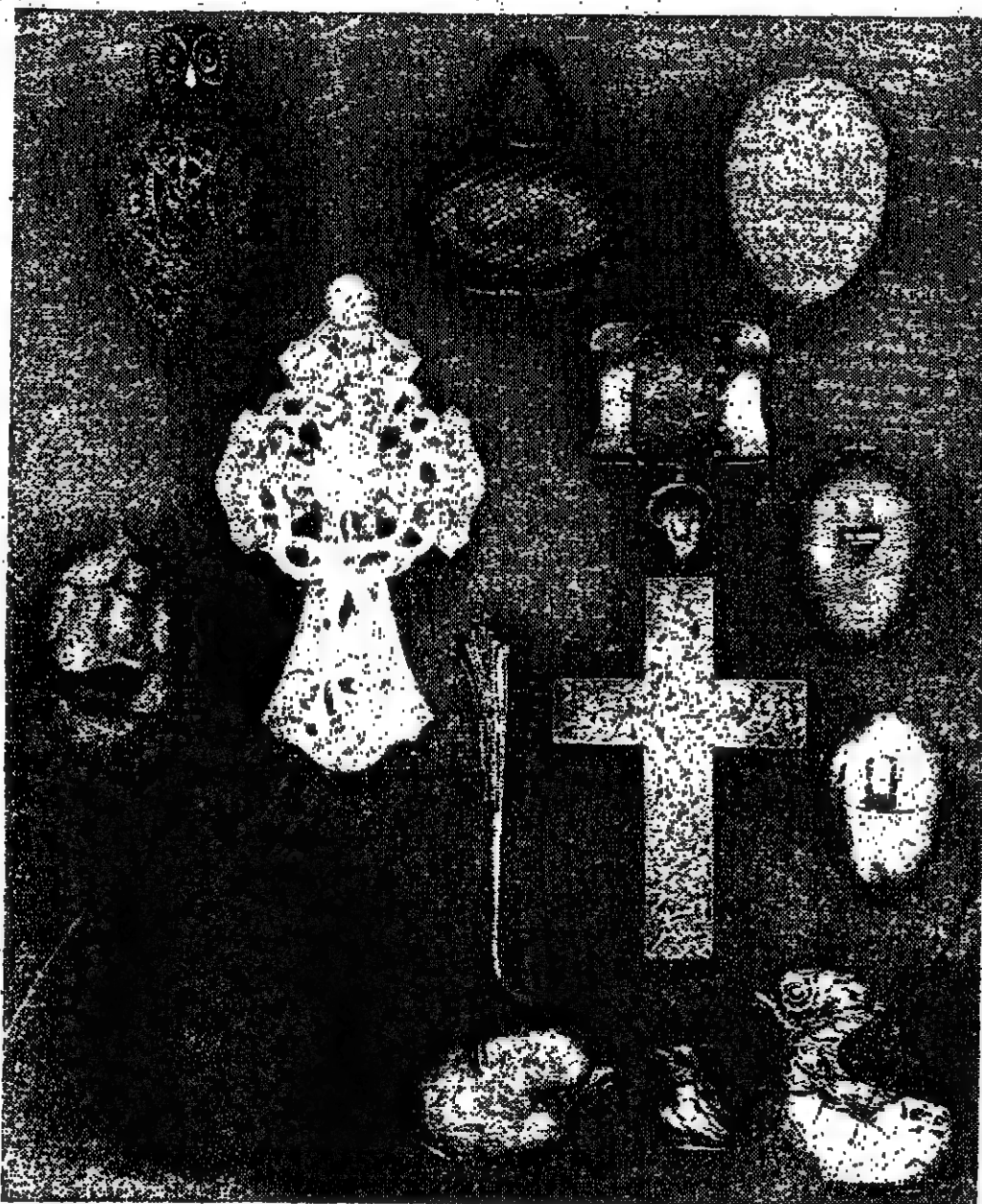
Easter Eggstra

EASTER presents got a very good showing on this page last week but the shops are so full of desirable Easter ideas that I couldn't resist featuring some more this week. Last week I listed several places which were prepared to help out-of-town readers by running efficient mail order services. This week it is rather nearer the day itself and therefore slightly trickier for those relying on the post. However, Dilemma, an interesting present shop at 22 Thackeray Street, London W8, has some extraordinary little chickens just down in from America that they will send by mail, provided readers don't blame them if it doesn't arrive in time (they will post the same day as they receive the order). Each little chicken is packaged inside a 6-inch plastic egg—the chicken is in fact made of soap and when it is taken out its surface reacts with the air and it grows a fluffy white fur. Children, apparently, love them. £2.00 (p+p 20p).

For Londoners there are two shops that are, in my view, well worth a visit. Firstly, 'The Danish House, 16 Sloane Street, London SW1, is full of enchanting ideas on how to dress and lay the Easter table.

The shop is awash with lime green and yellow painted eggs, paper decorations, all of them exquisitely made by hand (there's no reason why those with the time and the talent shouldn't do the same). The prices reflect the fact that they are hand-made but nonetheless for a smallish outlay some long-lasting, exceptionally pretty table decorations could be bought. It is also the only shop I know of that sells those typically Scandinavian little circles of flowers for placing round the bottom of candles—£1.93 a pair, they come in a selection of very subtle colour combinations, pink and brown, white and brown, orange and brown and so on.

Finally, a totally non-fattening Easter suggestion and a good one to take if you are staying with friends for the week-end, is Bronnley's collection of egg-shaped fragrant soaps. They come in (small) visitors' size or jumbo-sized, may be scented Rose Geranium, Lemon Verbena or Lavender. Visitors' size costs 25p each, a box of 25 is £6.25. Five marble soap eggs are £1.20, bath size 75p each. Find them in most good chemists.



THE EGG seems to have become the most enduring of the Easter symbols (chickens and the fertile rabbit, though enduring, too, do not seem to feature quite so prominently in Easter tradition) and though all of us know of the famous Fabergé eggs and the ingenious lengths to which he went to delight and astonish the Czar, not all of us are aware of quite how many other famous jewellers and silversmiths were attracted both by the shape and the mythology attached to the egg.

Some exquisite variations on this theme can be found among the stallholders at Grays Antique Market, 55, Davies Street, London, W.1. Though few of these finds are very cheap there are several that fall into the medium-sized price bracket and £29 from Arca. Middle left is a green malachite egg for £15 Clare and Ingeborg.

Top row, left to right: Owl egg in elm wood which is £12 from perfume bottle which is Patricia Crowley. Next to it is a small selection of Easter suggestions—some of the eggs look as if they are only eggs but they open to reveal surprising contents.

Photographed, above, is just a little silver egg with the hinged lid on the right, second from the top, is also a thimble and pin box and dates from 1860, £75 from M. McLeer.

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***St. Mark
Passion***

BY RONALD CRICHTON

BY NICHOLAS KENYON

THE DISCUSSION paper which has been issued by the Department of Education and Science under the title *Higher Education into the 1990s* is an admirable example of what such a paper should be. It sets forth in a clear and candid manner the problems created by the probable rise in the number of applications for Higher Education in the 1980s and its subsequent decline in the early 1990s; and it makes a valuable contribution to sensible discussion of their solution.

Lord Robbins,
whose report
initiated the large
scale expansion of
universities in the
sixties comments
on the latest
Government pro-
posals for higher
education.

staff student ratio is something which cannot be discussed any further than 1:10. I confess that when I hear academics and Vice-Chancellors alluding to anything of this sort as virtually inadmissible—destructive of the whole ethos of our universities—I am tempted to confine their complaints to audiences who do not know what happens abroad, where such a high ratio would often be regarded as a pure luxury. I certainly regard it as a desirable privilege and an advantage. But when I think of some of the best days of institutions I have known personally when the ratio exceeded this figure, I cannot believe that some small adverse shift for a period would be a total disaster. And certainly it would be even less of a disaster if the present deplorable custom of awarding promotion chiefly on

limits, from the more mundane scientific and technical subjects through the broad field of the humanities and still more in the so-called social sciences, what teacher is prepared to put his hand on his heart and say that some contact with the real world, either in the fields of industry or offices, before coming up to the standards of Higher Education, would be a crushing disadvantage to the eventual instruction of would-be graduates. Speaking of the subjects which I know at all intimately, I would say that, in most cases, it would be exactly the reverse. The Russian require such delays for ideological reasons which do not greatly appeal to me; and it may be that they carry them too far. But I certainly think that there is room for some change in this direction in our part of the Free World.

The resident quartet from the University of New Brunswick in Canada is paying a second visit to England. On Thursday, works by Arrigo, Britten and Schubert were given clear, efficient but not very characterful readings to a sadly small audience in the Wigmore Hall. The players have attack and clean, well-matched tone which in the case of the first violin tends to go thin but shuns the heavy vibrato which is a besetting sin of quartet leaders. In the case of Thursday's concert one became increasingly aware that the cellist and violist were the dominating musical personalities. If, as a result, the balance was less even in the second half than earlier, tension was greater.

Higher tension would have been welcome in Britten's Second Quartet (the one with the big Chacony finale), given the place of honour in the programme. The playing never

less than competent and accurate (the concluding reverberating perspective of major chords perfectly timed) was also curiously cold. Perhaps it was over-respectful, too shy of the wariness and panache inherited by Britten from Purcell, for one of whose anniversary celebrations this work was written.

In Schubert's extremely romantic and unmelancholic G major Quartet one began to notice (except again in the two lower strings) a shortage of lyricism. This showed in the shaping of the themes, also in a lack of spontaneity by means of exaggerated yet rather soundless inevitable. The "orchestral" effects which used to worry the Schubertian pure in heart were well judged, the finale (though the range of expressiveness and dynamics was not so fully enough explored) stayed buoyant to the end. But it was a mistake to leave out the first movement repeat, even if that would have made the concert long. The E major Quintet, which was the beginning was nicely done.

The colliary of J. S. Bach published in his son J. P. F. Bach and Johann Agricola recounts that he composed five settings of the Passion: besides the well-known Matthew and John works, three must be lost. The libretto of one more survives, however: that is based on St. Mark's narrative, and is thus the third Passion performed in Leipzig on Good Friday 1731. There is also a clue that much of the music was drawn from the Fugale Ode, BWV 1066, and Dietrich Rühlmann has been able to substitute portions of the Passion using that and other models.

Hellmann's version of Bach's St. Mark Passion was published in 1964, and performed for the first time in 1965, at the following year's English Bach Festival, in Oxford on July 4, 1965. It was therefore wrong of the Epsom Chamber Choir and Orchestra to claim that their performance was the first in Brompton, on Thursday in the "first public performance in

There is one matter, however, on which I must express a certain caveat. From time to time a certain principle is alluded to under my name, the principle namely that courses in Higher Education should be available for all, who are qualified to pursue them and who wish to do so. This, I must protest, involves an omission which mis-represents both my position and that of the committee of which I was chairman. We stated specifically that this principle was subject to an important condition: that is to say that there should be a big enough number of students taking the broader first degrees as distinct from specialist honours courses. We said that we would not have recommended so large an expansion if this were not so.

Now this requirement has not been met—at least in many universities south of the border. The result has been that many students who would have benefited by broader first degrees, such as they would have had in Scotland and most other parts of the English-speaking world, have been swept into intensive honours courses, neither of much use to them professionally nor suitable for inculcating broad based intellectual habits or culture. And this perverse development, at least in the opinion of one member of the Committee in question, has vitiated the benefits which university expansion might otherwise have conferred.

Of course no one would deny the desirability of some specialisation at the first degree level. But curricula which introduce into such courses a degree of specialisation which regarded as belonging to the Graduate School and whose admission requirements spread their evil roots down to teaching in the schools, are surely highly undesirable. I hope therefore that discussion of

A black and white photograph of a large, dark, curved object, possibly a piece of wood or a sculpture, set against a background of a snowy, forested landscape with evergreen trees and a small building in the distance. The object is positioned in the foreground, curving from the bottom left towards the center. The background shows a snowy field with several evergreen trees and a small, dark building or cabin in the distance under a light sky. The overall scene has a wintry, serene atmosphere.

Rare Kashan Silk Art Deco pictorial rug designed by George McManus, depicting a cartoon from the series "Bringing Up Father," estimated to fetch between £10,000-£15,000 in Sotheby's Fine Islamic Rugs and Carpets sale on Wednesday, March 29.

NO LONGER do catalogues from the major auction houses just "refer to "Persian carpet" when it's a specialist sale. Data, condition, design, provenance and estimated price are all part of the lot description. An excellent example is the business-like catalogue for the Fine Islamic Rugs and Carpets auction which opens Sotheby's sales of Islamic sales on Wednesday March 29. (On view from Tuesday until the day before the sale, including Easter Monday between 12 noon and 4 p.m., at 34 and 35 New Bond Street, W.1.). The catalogue is £5.25, worth every penny, but please can we have an index next time, as in paintings catalogues?

Mr. Franses. "The growth of the carpet auction market dates back to the early 1970s. By 1975, this increase was substantial, partly as a result of the accelerated interest from Middle Eastern buyers and particularly from the Iranians. Today the cost of living in Iran is increasing at the rate of approximately 36 per cent per annum, bringing Iranians even faster into the English salerooms.

"The most sought after Islamic carpets are still Persian, both antique and modern, partly because Turkey does not allow re-importation of their own carpets."

The market to-day is a very selective one, and quality and condition of pile are of utmost

Each lot is illustrated, with the condition spelt out, warts and all—going into such detail as whether there are weak warp threads, splits, stains, holes, or if guard stripes have been reduced or a top section rewoven and so on. In case this sounds too depressing, in all fairness I must point out that in most instances condition is good or excellent, considering that the bulk of the pieces are antique, with the highlight of the sale, expected to fetch between £25,000 and £45,000, a Mamluk carpet, c1500.

"The most sought after Islamic carpets are still Persian, both antique and modern, partly because Turkey does not allow re-importation of their own carpets."

The market to-day is a very selective one, and quality and condition of pile are of utmost importance. The vast amount of worn 18th century pieces which have appeared lately should only be considered for decoration, not investment. The only exceptions are the very rare, worn 18th, 17th and early 18th century carpets and rugs which are collectors' pieces in themselves.

"To-day, a Tabriz carpet with 800 knots per square inch costs approximately £700 per square metre. In 1980 this same carpet is projected to cost approximately £2,000 per square metre, which will undoubtedly increase the market value of modern pieces as well as antique rugs and carpets, so it is a 'pocket' to take advantage

For further background expertise, there is the splendid (and weighty), *Country Life Book of Rugs and Carpets Of The World*, edited by Ian Bennett. Published last month at £30, it is superbly illustrated, with contributions by Bennett, John Sudmark of Christie's, Isabelle Anscombe, expert on European decorative arts, and Harmer Johnson, former head of Sotheby Park Bernet's ethnographic department in New York. Mr. Bennett's is the "technical" and materials of Oriental carpet weaving, with explanations of construction, tools, knots and dyes, coupled with the excellent glossary of terms, provides an informative guide to the world of carpets scholarship which he readily admits "has an unfortunate tendency to become a morass of conflicting opinions, more likely to confuse the layman than enlighten him."

Mr. Bennett's latest prestigious occupation is editing **HALL**, a new Oriental carpet quarterly magazine to be published at the end of this month. He tells me it will be a glossy coloured effort rather along the lines of Apollo magazine, but devoted to long in-depth articles on antique and contemporary carpets. It is being marketed by direct mail at £16 a year—for a brochure write **HALL** 183a, Shirland Road, London W.9.

Enthusiastic carpet baggers should not miss the remarkably colourful "Exhibition of Caucasian Rugs" organised by Raymond Bernadot at the Alpine Gallery, 74, South Audley Street, W.1, until March 23. Mr. Bernadot has also produced a scholarly book, *Caucasian Rugs*, which illustrates previously unpublished pieces, which for a limited period can be ordered direct from his gallery, 5, William Street, S.W.1, at £16.50 including postage.

"It is very rare to find carpets of this period in such good condition," says Jack Frances, who became head of Sotheby's carpet department in September, 1978, after he sold his Piccadilly carpet gallery. From a well-known "carpet family" his father was the late Sidney Frances, and the author of *European and Oriental Rugs for Leisure and Investment* (John Jifford, 1970). He is responsible for compiling Sotheby's new style catalogues, which he feels have been a contributing factor to the return of confidence in the European auction market, particularly by collectors. "We now get many more enquiries from private buyers interested in purchasing carpets for their home. Before they were frightened by the mystique of the whole operation. Price guides help too—from the list in the current catalogue you can see an attractive late 19th century prayer rug or runner could well be bought for under £500, while 16th century decorative fragments are £15-£80. What other antiques could you buy for that money?"

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The past year has seen a considerable increase in carpet sales. Last season Sotheby's achieved not only a new world auction record for any carpet—\$200,000 (£118,959), being sold for a 19th century Heriz silk carpet at Sotheby Parke Bernet in New York—but also a new world record total for any carpet auction with the £491,883 total for an Oriental carpet sale during their Islamic Week last year.

"But as in all areas of fine art, quality rugs and carpets are becoming rare," acknowledges a year—for a brochure Write HALL 1932, Shirland Road, London, W.9.

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Week ended March 22		
U.S.P. TOP 25: Viewers (N.Y.)		
A Shave Inside of Death (ATV)	17.55	
Mind Your Language (LWT)	17.55	
Galliard (ITV)	17.55	
Golden Showings (LWT)	17.55	
Cornelius St. (ITV) (Granada)	18.59	
George and Mildred (Thames)	18.59	
Sweeney Todd (BBC)	18.59	
The Professionals (LWT)	16.50	
Mike Varney in Person (BBC)	16.50	
Dave Allen (ATV)	16.50	
Topical Gear (ITV)	16.50	
Coronation St. (Wed.) (Granada)	14.90	
Rubin's Best (Thames)	14.90	
Arrested Theatre (BBC)	13.65	
Ransom (Thurs.) (Thames)	13.65	
Crossroads (Thurs.) (ATV)	13.15	
Armchair Detective (ITV)	13.15	
Arrested Theatre (Thames)	13.05	
Arrested Theatre (Thames)	13.05	
Ransom (Thurs.) (Thames)	14.95	
Arrested Theatre (Thames)	14.95	
		10. This Is Your Life (Thames) ... 14.90
		20. Wide Alliance (Yorkshire) ... 14.65
		Figures compiled by Audit of Great Britain for the Joint Industries Committee and the Television Advertising Research Unit.
		G.M.T.A.R.
		U.S. TOP TEN (Nielsen ratings)
1. Happy Days (comedy) (ABC)	38.6	
2. M*A*S*H (comedy) (NBC)	38.6	
3. The Waltons (drama) (CBS)	38.6	
4. The Mary Ingalls (comedy) (CBS)	37.9	
5. The Love Boat (comedy) (ABC)	37.3	
6. One Day at a Time (drama) (CBS)	36.4	
7. 60 Minutes (CBS)	36.1	
8. Circus Hillbillies (NBC)	35.9	
9. All in the Family (comedy) (CBS)	35.9	
10. Alice (comedy) (CBS)	35.1	
11. Love Boat (comedy) (ABC)	33.7	
		Nielsen rating is not a numerical total.

Edited by Denys Sutton

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Saturday March 18 1978

Everyone for moderation

BOTH THE Bank of England, in its latest Bulletin, and the Organisation for Economic Co-operation and Development, in its latest survey of the U.K. economy, have given their backing this week to the view that the level of unemployment and the amount of spare productive capacity in industry are such as to justify the Chancellor using his Budget (now little more than three weeks off) to stimulate demand. But both are insistent, though for slightly different reasons, that the stimulus should be moderate and the taking-up of idle capacity only gradual. The Bank of England looks at the matter primarily from the point of view of maintaining at least a small balance of payments surplus, the OECD from that of keeping inflation under control. The two are, of course, not entirely different.

Worry about the balance of payments may seem to be less in place now than it was a month ago. In January, in the dismay of the financial markets and the perplexity of the official statisticians, the balance dropped suddenly out of surplus into a large deficit of £244m. In February, it suddenly swung back into a large surplus of £184m. The violence of these fluctuations was only partly due to "lumpy" items like North Sea equipment, ships, aircraft and precious stones: the rest remains unexplained.

Import demand

But two facts still stand out. The first is that, since publication of the full balance of payments analysis for the last quarter of 1977, the Department of Trade has had to revise down its estimate of net earnings from invisibles. In 1978 these averaged £200m, a month, in 1977 £130m: the present estimate is £100m — the reduction being partly due to the rise in the sterling exchange rate. The second fact is that imports have been rising quite sharply in volume despite the fact that industrial production, according to the latest figures, is rising scarcely at all. Rising imports of raw materials would be understandable, in view of the expected rise in demand.

It is the rise in imports of finished goods and semi-manufactures, which the Bank describes as "alarmingly" fast, which makes many people — including some Ministers — apprehensive about what might happen if demand were to be stimulated too much. The world trade prospect, after all, is far from cheerful and the prospect for exports uncertain. Industrial investment plans seem to

be holding up reasonably well, but the main factor in increased overall demand this year will be personal consumption. This will come about, apart from any tax reductions in the Budget, because earnings are now beginning to rise faster than prices and because reduced fear of inflation may persuade people to save a smaller proportion of their earnings. The preliminary estimates suggest that the volume of retail sales in February was well above expectation: retailers generally had expected a full until after the Budget.

Inflation

The latest earnings figures show an increase on the year of just over 10 per cent, while the increase in retail prices is running at just under 10 per cent. This shows how real purchasing power is already beginning to increase but seems to make OECD-fears about inflation exaggerated. There are three points, however, to bear in mind. The first is that many fewer workers than usual have settled so far in the current wage round, and that the real effect of productivity deals cannot be foreseen, so that it is difficult to estimate the final outcome. The second is that the fall in the level of retail prices shows signs of beginning to level out at what is still a very high figure by historical standards.

The third, though the importance of this is arguable, is that the money supply has been rising so far this financial year at a rate well above the Chancellor's target range. And that is true of M3, the particular measure in which his target was expressed: other measures have been rising much faster still. There have been special factors at work which are no longer operative, notably the large inflow of foreign capital and the accompanying drop in interest rates; the increase in the money supply during the latest banking month was small enough to reassure the markets and make it unlikely that the Government would take crisis measures to reach its original target by Budget Day, when a new and more flexible system is likely to be introduced.

But the OECD recommends a moderate fiscal stimulus. The Bank recommends a moderate stimulus, preferably in the form of direct tax cuts. The Prime Minister has told his left wing that their ideas about a stimulus are excessive and that Labour supporters want tax cuts rather than a large increase in public expenditure. There seems to be a certain consensus.



Unreconstructed Keynesian Mr. Michael Blumenthal, U.S. Treasury Secretary (left), rock-ribbed financial conservative Herr Helmut Schmidt, West German Chancellor (right), and Mr. Callaghan, who wants them to agree: but hopes look thin.

A dialogue of the deaf

BY ANTHONY HARRIS

THE PRIME MINISTER'S increasingly urgent calls for an economic summit to co-ordinate policies against recession bear more the mark of despair than of hope. Forecasts of world trade grow gloomier, and against such a background British recovery is bound to be hampered. Sterling is too recently a convalescent to stand the strain of a renewed swing into large deficit on the balance of payments—though in fact this would be quite normal for a country recovering in a world in recession. If we cannot go very much faster than the slowest, it is natural to try to persuade them to speed up.

However, there have been repeated summits aiming to achieve what is generally described as "balanced growth" ever since the onset of recession became evident in 1974, and there is precious little to show for the discussions held and the limited agreements reached. This is in one sense entirely natural, since the balance being sought is a balance between faster real growth and slower inflation—or, in the minds of many governments, between inflation and deflation. In a general recession, of money incomes and prices as well as output, it would probably be quite easy to secure international action to solve the problem. An inflationary recession is a different matter. There is no general agreement on how the system works, and as long as this is so, there can be no agreement on what should be done.

Partly this is an international replay, as it were, of the argument between the Keynesians and the monetarists which has been fought out in this country. It is an argument enormously complicated, however, by misunderstandings about the workings of what is theoretically a floating exchange rate system, but is in fact dominated by official intervention in the currency market on a scale never known when exchange rates were fixed and support was obligatory. Finally, the energy upheaval and the great inflation, which have both caused the world to lower its long-term

hopes for growth, entail very big structural changes in fast-growing countries like Japan, and in U.S. energy policy. Much of the present disorder is the result of efforts by these two countries to buy time before they have to face difficult and sometimes painful decisions.

Spending less

The Keynesian-monetarist argument is even starker in international than in national terms. The Keynesian position, argued by the U.S. and strongly supported by the OECD secretariat, is based on the idea that the fact that the Arab oil-producers do not spend their whole revenues has created a sizeable hole in world demand. This can only be filled if governments in oil-consuming countries plan for suitable balance of payments deficits; and since ordinary citizens, in face of world uncertainties, are also spending less of their incomes than before, this means that governments must spend much more than their revenues. Only the U.S. has followed this advice wholeheartedly, and achieved rapid growth and what is sometimes claimed as a heroic deficit. The "economic theory" called for Germany and Japan to share this burden; the new "convoy theory" wants nearly everyone to move together, to avoid currency strains.

Every government agrees that faster growth is desirable, but many do not agree that this is the way to achieve it. The monetarist position, which can be lumped together as the monetarists, argue that deficit leads sooner or later to inflation, and will actually make things worse. The U.S., they argue, is not in fact practising what it preaches: the very large Federal Government budget deficit is largely offset by surpluses in the State Government budgets. U.S. growth has very little to do with Government policy (a point supported by the normally Keynesian Brookings Institution). It is a mixture of good luck — large farm crops

and abundant raw materials — coupled with relatively high personal spending in relation to income, a housing boom supported by population trends, and a monetary policy which has been much more expansive than the figures show.

If American growth is the result of good luck and financial folly, it is not an example which can or should be followed, according to this argument; and for countries less fortunately placed, the best policy is to give first priority to reducing inflation. As interest rates fall and inflation fears abate, savings will return to a more normal level and investment will recover. The British example seems to support this view: recovery this year will be achieved in spite of — or in the monetarist view, on account of — much tighter Government finances. It is entirely the result of a sharp fall in the rate of inflation, and recovery will continue only as long as inflation continues to fall. This would make a powerful case for anti-inflation policy as the way to achieve growth, but also for logic, the analysis overlooks North Sea oil. North Sea oil has raised output, strengthened the pound and reduced inflation. The U.K., like the U.S., has relied more on luck than policy.

Monetarist forecasts

The arguments about economic management remain inconclusive then; but it is possible that 1978 will produce some suggestive evidence on one side or the other. In 1974 and 1975 the world recession was much deeper than was generally forecast, mainly because of the strains produced by inflation on personal and company finances. Monetarist forecasts forecast this trouble more accurately than conventional ones. In 1978 inflation is abating in most countries; if the same logic holds, the actual performance of the world economy

this year should be rather better than the gloomy conventional forecasts suggest. If this is so, the determination of the financial conservatives to stick to caution will be greatly reinforced.

However, the world may well be too turbulent a place for any such laboratory demonstration of theory; and the trouble is likely to centre round the persistent weakness of the dollar. Until recently a devaluation has been a declared objective of U.S. policy. Mr. Michael Blumenthal, the U.S. Treasury Secretary, has been accused of starting the whole crisis by openly talking the dollar down last year. Even now there are suspicions that the Americans would like to see the dollar rather lower for purely trading reasons. Official support for the dollar, with funds provided under swap agreements by the Germans, are designed only to check "disorderly conditions" — namely, a fall so sharp as to start a panic among central banks around the world who hold most of their reserves in dollars. The Administration has yet to say clearly what it thinks the value of the dollar ought to be — one reason for the sour market reaction to the defence measures taken so far.

Here again there are two radically different views of what is happening and the likely results. The U.S. view is that while the trade deficit contributes to world growth by enabling other countries to run surpluses, the decline of the dollar will help to sustain growth in the U.S. by making industry more competitive. However, there is something illogical about this combination: if the U.S. is doing a service to the world by providing a market for its exports, it is largely cancelling it out by ensuring that selling to the U.S. is increasingly difficult and unprofitable for its main trading partners, and notably for Japan.

In Japan there is a real fear that if the dollar declines much further against the yen, much of Japanese industry will bankrupt itself in attempting to maintain its position in the U.S.

markets on which it so heavily depends. This is to some extent an exaggerated reaction: Japanese industry practices profit-sharing on a large scale, and has a cost structure which responds more readily to pressure on margins than that in other countries. The loss of competitiveness caused by the rise of the yen has been less than would be caused by a similar change in the U.K. and Germany, where wages are rigid. The underlying Japanese crisis is about its internal structure rather than its competitiveness. The slump in investment, which absorbed nearly a third of GNP in the days of fast growth, has left an enormous deficiency in demand, and the fact that frightened consumers are now saving more than ever for fear of unemployment makes the recession more obstinate.

The kind of transformation which would balance the Japanese economy — higher social spending to reduce the motive for saving and higher investment in such things as housing — is difficult to contemplate at a time of economic crisis. The immediate aim is to arrest the rise of the yen; hence the extraordinary programme which has been launched under a slogan which could be translated as "import or die." The stockpiling of oil and raw materials, the purchase of aircraft for other countries which cannot afford them, and the energetic efforts of Japanese exporters to fill their ships with foreign goods on the return journey are logical as far as they go, though quite inadequate in scope. Meanwhile, very oddly, the Japanese are beginning to urge the virtues of the yen as a potential reserve currency, perhaps with some idea of prestige or burden-sharing. If they succeed in preventing an investment demand for yen reserves, the value of the yen will rise irresistibly.

As a result, the arguments about economic policy for growth which became so acrimonious last year may now be stilled by a more pressing worry: financial disorder. A growing number of bankers and officials are now beginning to argue that what is urgently required now is not the co-ordination of growth and trade policy, but of monetary and credit policy; and for the first time since the collapse of the Group of 10 in the currency, perhaps with some idea of prestige or burden-sharing. If they succeed in preventing an investment demand for yen reserves, the value of the yen will rise irresistibly.

Possible to switch

Ironically, the efforts of a series of countries — first ourselves, and now the Germans

and the Japanese — to stabilise some desired set of exchange rates by intervening in the market is exactly what has now made them so unstable. When currencies were floating relatively freely, it was quite impossible for any holder of large sums of reserve dollars to consider switching into some other reserve asset, because there would have been no buyers. In the past six months, however, intervention in the markets is estimated to have totalled \$50bn, some four times as much as the U.S. current account deficit. The Bank of England, the Bundesbank and the Bank of Japan have thus made it possible for investors to switch out of dollars, and the figures suggest that some central monetary authorities have been among those who have seized the opportunity. As so often in economic policy, measures designed to prevent a crisis have in fact provoked it.

Financial disorder

As a result, the arguments about economic policy for growth which became so acrimonious last year may now be stilled by a more pressing worry: financial disorder. A growing number of bankers and officials are now beginning to argue that what is urgently required now is not the co-ordination of growth and trade policy, but of monetary and credit policy; and for the first time since the collapse of the Group of 10 in the currency, perhaps with some idea of prestige or burden-sharing. If they succeed in preventing an investment demand for yen reserves, the value of the yen will rise irresistibly.

Letters to the Editor

Accountancy

From Mr. P. Morgan

Sir,—Mr. Cripps (March 14) is wrong. The financing of local authorities does not need in-depth examination. It has just had such an examination in the Layfield Report, of which Mr. Cripps seems blissfully unaware. Mr. Cripps is also wrong about accounting standards as a root cause of the problem. (Quite what the "problem" is, he does not say.) There are accounting standards and accepted practices many promoted by the Chartered Institute of Public Finance and Accountancy or enshrined in statute. Admittedly, there is nothing quite like the 8th Schedule to the Companies Act of 1948. But that is totally inadequate in the private sector and has been supplemented by a whole series of accounting standards. So I hardly see his suggestion of emulating the Companies Act as a great step forward—yet I would accept there is room for improvement. Mr. Cripps is also wrong about audit: local authorities already have independent audits.

The CIPFA has a proud record of improving the standards of local authority accounting, as well as acting as a professional institute. Mr. Cripps is wrong to suggest that light is shed too rarely "on the general uses to which specific support grants are put." Specific grants are for specific purposes, for example, police, and their use is always clearly indicated in local authority accounts. Perhaps Mr. Cripps means the specific use to which general support grants are put. But light cannot be shed on this: it could be compared to asking Ford to earmark the total proceeds of sales of Escorts to finance their wage bill. Local authority accounts are no more difficult nor any easier to understand than company accounts.

It is not my experience that councillors betray an ignorance of local authority finance—they are more informed than Mr. Cripps appears to be.

case. While there is plenty of room for improvement, I do not think our record is any worse than central government or the private sector.
 G. Morgan,
 12 Kilham Lane,
 Winchester,
 Hants.

Councils

From the Leader,
 Kent County Council.

Sir,—I was saddened to see that Mr. Cripps (March 14) used my letter (March 10) as a platform from which to mount a general attack on the financial integrity of local government. Although I could write at length on the issues raised I will, with difficulty, restrict myself to Mr. Cripps' attack on councillors' ignorance and apathy about the funds we control. Kent has, as part of its committee structure, two groups of councillors concerned with the problems of the county which Mr. Cripps identified. The finance group is concerned with budgeting and accounts; this group has in its membership three chartered accountants, one barrister with wide industrial experience and a professional economist/financial adviser along with many others who are able to apply the skills acquired in successfully running their own business to the guardianship of public funds. We also have a performance review group, which strives to fulfil the expenses justification analysis and the philosophy which Mr. Cripps commends to us. They are, however, sufficiently practical to take into account the effects of inflation. In this group we have, amongst others, four accountants and a master in business administration. Ignorance and apathy among councillors are certainly not problems in Kent, nor, I feel sure, in the majority of other local authorities who are able to attract councillors of this calibre. I would accept, however, that there is a shortage of the right sort of councillor in some areas. Local government needs industry and commerce to release its able young managers for service as councillors. Only when this is done on a wide

scale can we fully dispel the inaccuracies propounded by Mr. Cripps.
 John D. Grugeon,
 County Hall,
 Maidstone, Kent.

Ventilating

From the Commercial Secretary,
 Heating and Ventilating Contractors' Association.

Sir,—I feel that I must correct the report (March 14) regarding an "agreement on a new code of practice" between contractors and manufacturers in the heating and ventilating industry. We are not drafting a single code of practice or agreement, neither is it our intention to agree with the Heating, Ventilating and Air Conditioning Association "a systematic framework for pricing." The Heating and Ventilating Contractors' Association and the HEVAC Association have, over the last 12 months or so been discussing a number of matters which in the past have created difficulties in the contractual relationship between the supplier and the contractor in our industry. In particular, recent discussions have included problems associated with manufacturers' conditions of sale; reservation of title (ownership) clauses and the use of a formula method to adjust for fluctuations in price. It is the drafting of statements or joint guidance on those three separate issues which will hopefully be concluded during the autumn of 1978.

The proposed joint guidance on the use of formula methods for price adjustment has nothing to do with a "systematic framework for pricing" and will simply explain the way in which the recognised method of formula price adjustment used on certain heating, ventilating and air conditioning contracts could be extended to sub-contractors involving the supply and installation of specialist control systems.

Naturally, in drafting any joint statement or guidance document, we would be careful not to transgress restrictive trade practices legislation. We will liaise with the Office of Fair Trading and it may be necessary

to register certain of the documents.
 R. J. Higgs,
 ESCA House, 34 Palace Court,
 Bayswater, W.2.

Railwaymen

From Mr. R. Bishop.

Sir,—Once again we have to watch a dispute between the two major unions in British Rail, the National Union of Railwaymen and the Associated Society of Locomotive Engineers and Firemen. It should not be beyond the wit of those in Parliament to draft a Bill which will dissolve the various unions at present representing the different sections of railwaymen, and instate in their place one union to which all members of the railway work force should belong.

In these circumstances Mr. Weighell and Mr. Buckton both of whom have rendered signal service to the railways and the nation, could gracefully retire, and make way for a new leader, uninhibited by the passions of the past, and dedicated to progress in the future.
 R. I. Bishop,
 St. Mary's Hartfield, Sussex.

Land

From Mr. M. Brady

Sir,—Mr. Grimham's recognition (March 3) that "if land is held out of use, an income (rent) is foregone" is somewhat less than convincing since four lines later he informs us that "there is no penalty on holding land out of use." Although any particular site may be regarded as existing for all time, a variety of factors may render it less attractive, so reducing its rental value. This fall in rental value may be concealed by an increase in its money value during a period of inflation. What has not been explained is how the individual landowner can raise his future rent by persistently withholding his land from the market.

We are informed that "ownership" and control would remain as now, yet who would want a legal title to an asset the entire income from which would accrue to the state? In view of his earlier declaration that the

ownership of land by individual people cannot be justified at all, perhaps Mr. Grimham would be prepared to recognise the hollow sham of such a mere ownership. Henry George himself admitted that the single tax would be tantamount to the virtual nationalisation of the land when he wrote that it would "accomplish the same thing in a simpler, easier and quieter way" (Progress and Poverty, page 404). George's method, however, would be neither simple, easy, nor quiet.

Under 100 per cent. land value taxation and with the assessment "based on rents actually passing" de jure owners would be encouraged either to occupy the land themselves or to charge no rent or to keep it idle! Your correspondent stress how essential land is to human existence yet their proposal would result in locational chaos, with waste and misallocation everywhere. And the single tax, far from supplying all the revenue of government, would yield no revenue at all!
 Mark Brady,
 2 Elmwood Court,
 Constitution Hill, Woking,
 Surrey.

Managers

From Mr. J. Appleby.

Sir,—There is a distinction between making representation on behalf of the corporate membership of management and acting as representative of the manager's interests. Mr. Roy Close (March 15) regrettably seems to ignore this vital point raised by Mr. Jason Grimsp in his article in the BIM magazine to make itself heard" (March 10). What matters to the individual manager who is member of the BIM is surely whether the "cross-section of managers of all levels" on their council are put there by the corporate or the individual professional manager. The message is clear: managers increasingly want to be represented collectively, to belong to a union. There are a number of good reasons for this, such as the erosion of differentials, for job security and a need to ensure a "say" in decision-making. The important question is how and by whom do managers want to be represented. What options

are there for the British manager? They are certainly not those of their Continental counterparts. Some 300,000 French managers belong to a management union, the Confédération Générale des Cadres, in existence since the 1930s, which negotiates at national level with employers and the Government. Some 300,000 other French managers, however, prefer to join managerial sections of the general trade unions.

Will such a choice ever be possible for the British manager? The BIM clearly does not intend to become a CGC. British managers can either group together to form a house union in a company jointly negotiating with the employer or they can join the Association of Scientific, Technical and Managerial Staffs, various managerial sections of other unions or professional and technical trade unions. In short there is no unified voice negotiating on behalf of the manager.
 J. R. Appleby,
 12 Vicarage Road,
 Teddington, Middlesex.

Petroleum

From Mr. M. Quinlan

Sir,—The article on Nigeria in your construction survey (March 14), states that "a cut-back imposed by the Organisation of Petroleum Exporting Countries" is responsible for Nigeria's declining oil production. This is not so. Production has been cut by agreement between the producing companies and the Government in direct response to the declining market for Nigeria's oil, itself a reflection of reduced demand in the U.S. together with greatly increased output of light crudes from non-OPEC sources such as the North Sea (as you state). Nigeria has proposed a system of voluntary production cuts to the other North African OPEC producers, but there is no indication that they will agree to this and in that event Nigeria's output will fall to about 1.6m. barrels/day as she bears the brunt of the surplus on her own.
 Martin J. Quinlan,
 207 Daniels,
 Welwyn Garden City,
 Hertfordshire.



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Banks home in on the building societies

BY MICHAEL BLANDEN

THE VIGOROUS complaints of London clearing banks of the competition of the building societies made in their last letter to the Bank of England can hardly be expected to produce rapid practical results. The reduction or removal of the fiscal privileges enjoyed by the societies would be a major political move which would be unlikely to be undertaken in any case. It is far clearer that it would make a significant difference to the competitive balance between the sectors.

Nevertheless, the banks' move came at a particularly sensitive time for the building societies, and has provided a new point of contention at their recent meeting. It hit them just as they were engaged in debating the merits and cons of accepting the Government's plan to impose controls on their lending or of using to ignore them and running the risk of more fundamental intervention in their activities. They may come to like, however, that they have a single out for attack because they provide a convenient peg for the banks to use in their case in a much longer debate.

The banks' move is symptomatic of their present sensitivity to anything they regard as approaching unfair competition for business at a time when they are faced with a number of important and inter-related problems of their own. Their growth with the building societies has to be seen in the context of the final evidence which the banks have been preparing for the Wilson Committee on the financial institutions. This is expected to be published around Easter, and certainly go into much greater depth in discussing the structure of the financial system than was possible in the preliminary submissions last year.

These issues, in turn, cannot be separated from the wider debate about the future of the banking system, arising at a time when the banks' activities are the subject of an unusual amount of public scrutiny. Besides the long investigations, senior executives of the banks have been spending a great deal of time on the examination of their money transmission services now being carried out by the Price Commission. This

could imply higher charges for some customers. It may also be significant for the development of the increasingly expensive branch networks of the banks at a time when two of the big four—Barclays and Midland—are studying various ways of reducing the burden of their costs. The building societies question can also be linked with the planned creation of a deposit protection fund for banks and deposit-taking institutions, a point which has caused considerable argument. Finally, in the background there remains the dormant issue of nationalisation, at present submerged by events but likely to be raised at any time when, for example, the banks appear to be making what can be regarded by their political opponents as excessive profits.

Warning signs

The timing of the attack on the building societies appears to have come as something of a surprise to some of the society chiefs themselves, though there have been plenty of warning signs. The relative decline of the clearing banks in relation to other deposit-taking institutions is by no means a recent event. There has been a long-term trend since the last war for their share of the available savings to slip.

The figures which the London clearing banks published in their own evidence to Wilson last year showed, for example, that their proportion of total funds deposited by U.K. residents declined from 45.1 per cent in 1962 to 31.1 per cent in 1976, in spite of substantial growth in total deposits. The beneficiaries included the other banks in the U.K.—apart from London, Scottish and Northern Ireland clearing banks—which pushed their share up from 2.5 per cent to 12.1 per cent.

But the outstanding performance was that of the building societies. Starting with less than half of the clearing bank deposits in 1962, and holding only 20 per cent of the total, the societies had by the end of 1976 considerably bigger funds than the London clearing banks, with 37.6 per cent of the total. Resentment among bankers seems to have come into the open, however, in the particular circumstances of the past year. A sharp falling general level of interest rates, coupled with the

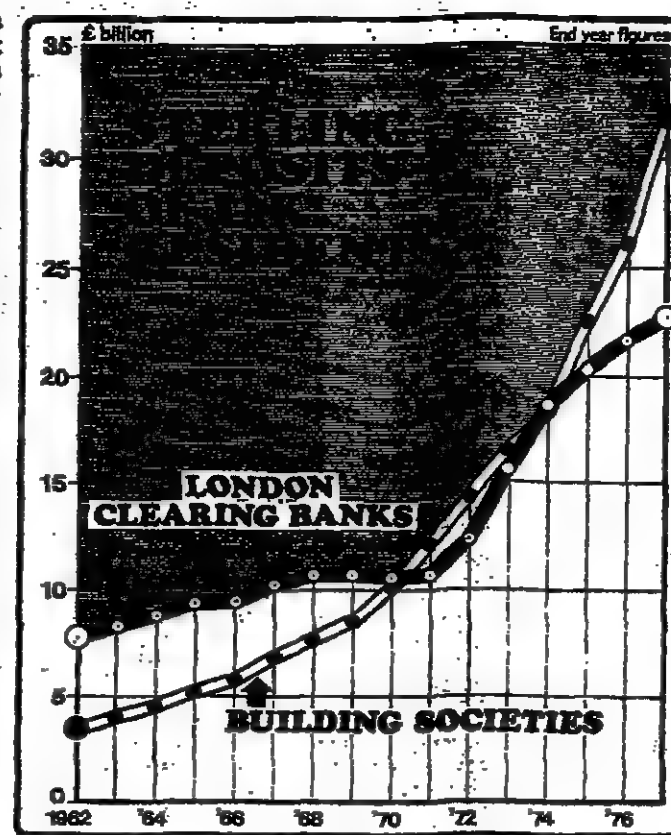
slower reaction of the societies in reducing their own interest rates to depositors, left the banks blatantly uncompetitive for funds. They remember well enough that less than five years ago the interest they were officially restricted in order to protect the building societies. During recent months they have suffered a modest continuing drain of funds to the societies as well as to other savings outlets.

Their worry may therefore be that the disparities in rates in the past months will accelerate the long-term trend and underline the growing financial sophistication of their customers and their awareness of comparative returns which has been one of the main factors in the switching of funds. The issue has arisen at a time when the banks have not been enjoying much profit growth in their domestic operations, in spite of the considerable improvements in their overall performance, and when they have been looking closely at the viability of their own branches.

The branch networks are vital to the banks' operations, for without them they would lose what is still the major source of deposit funds to support their lending. But the sharp rises in overhead costs in recent years have meant that those funds no longer look as profitable as they used to be, while it has become apparent that the branch development in this country became overblown after the war. National Westminster is one big bank which, after its merger, has already been through an extensive programme of branch rationalisation, while Lloyds perhaps never joined in the expansion period with the same enthusiasm as others.

Experimenting

Midland, however, is now experimenting in a number of ways with improving the situation by concentrating some specialised services and administrative work in area offices while leaving other branches to provide a basic service to customers—a development, though the bank dislikes the phrase, of a concept which used to be known as "satellite banking". Barclays has undertaken a fundamental review of its whole system which, though it now seems likely to involve rather fewer than the 600



branches originally estimated, will certainly in time bring closures and restructuring in many areas.

While this is going on, the banks see the building societies expanding their branch networks rapidly and, without the burden of expensive cheque and money transmission services, offering cash deposit and withdrawal facilities on the basis of much lower overheads. This is one reason for the importance attached to the Price Commission examination.

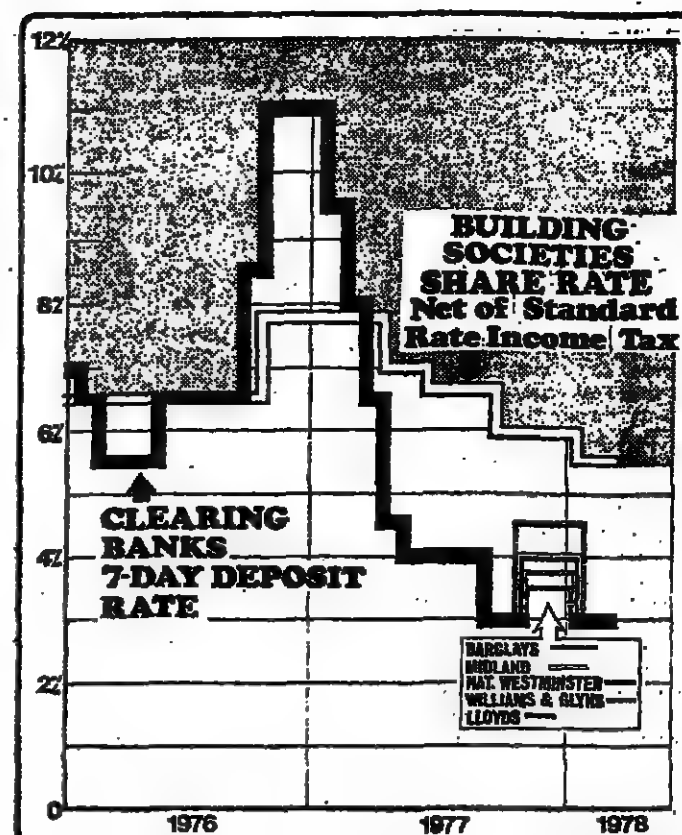
Encouraged by the favourable outcome of the specific investigation into Barclays' proposed increased charges for services to certain nationalised industries, the banks hope that the general review will enable them to put up a case for a more rational distribution of their charges. This will undoubtedly involve substantial increases in some areas such as cheque and cash movements where the costs are high and not matched by present commission rates.

The building societies are not truly in the banking business, show no general inclination to take on the burden of the extra services they would have to offer to become involved, and would almost certainly be prevented

from doing so by the authorities. But in one area—the deposit and withdrawal of cash which is also an important part of the service provided by the banks—they do overlap; and with longer hours, including Saturday opening, are able to offer in some ways a better service.

Moreover, the problem of the banks does not arise out of the swings in the general level of interest rates, but more significantly out of their own overhead costs. This is why the issue of the fiscal advantages enjoyed by the building societies, which forms one of the legs of the banks' argument, on its own looks less important than the banks make out. It is true that the societies are able to offer a rate to depositors which, in relation to what they charge their borrowers partly reflects the fiscal benefits of the composite tax rate.

Building society interest is paid net of the basic tax rate of 34 per cent, but the societies themselves pay a lower rate, currently 24.25 per cent, which reflects the fact that not all their investors pay tax. A case can be made for changing this system, if only because of the injustice which it does to low tax-paying investors with the societies. But the effect its removal would have on the ability of the societies to pay attractive rates would be a long way from eliminating their present advantage over the banks.



BUILDING SOCIETY'S TAX ADVANTAGE

	Building Society Ordinary Share Rate	Bank Deposit Rate	Building Society Advantage percentage points
AT PRESENT			
Before Tax	8.3%	3%	5.3
After Tax*	1.5%	2%	3.5
WITH FISCAL PARITY			
Before Tax	7.3%	3%	4.3
After Tax*	4.5%	2%	2.5

*Source: Provincial Building Society

removal would have on the ability of the societies to pay attractive rates would be a long way from eliminating their present advantage over the banks.

This is not, however, the only point which the banks appear to be raising. They are also concerned that while they are subject to a number of liquidity and reserve ratios imposed by the authorities under their monetary controls, which have the effect of raising their costs, the societies escape this burden. In reply, the societies point out that they themselves have to keep a substantial proportion of their funds in liquid form and that some of these may earn a lower return than they would get from mortgages.

The banks may also be using this issue to draw attention to

their grudge against the deposit protection fund which the Government plans in order to protect small depositors in banks and other institutions from any difficulties in the financial system. It is clear that this will be included in the legislation to introduce the proposed new supervisory arrangements, and that in order to make it credible the big clearing banks will have to put up the bulk of the money required. The building societies are excluded, along with the Giro and National Savings, on the grounds that they are subject to separate supervision and have their own arrangements to rescue anybody who gets into trouble.

In a number of ways, therefore, the banks' attack on the

building society movement must be seen as linked to a much wider range of issues and problems with which they are at present concerned. It may be that they are using this example to bring home a number of general points which they want to draw to the attention of the authorities and the public. But the most fundamental issue of all goes right to the heart of the questions which have been examined by the Wilson Committee on the provision of finance for industry and the structure of the savings market.

Neutrality

The question of the fiscal benefits enjoyed by various sectors was discussed at some length in the banks' initial submission last July. They drew attention to the advantages enjoyed by the national savings movement, the building societies, and the life assurance companies in competing for deposits, and called for "an overhaul of the whole range of controls, regulations, incentives and subsidies applied to different types of financial institution". In particular, the banks said, they would urge strongly "a policy of fiscal neutrality towards all types of saving, with incentives applied either universally or not at all."

It is a fair bet that this theme will be developed when the banks publish their final evidence to Wilson, in which they are expected to take a much broader view than was possible under the limited brief of the Committee's first stage. If banks are to be asked to take on a further substantial increase in their provision of medium-term funds to industry, coupled with closer involvement with their customers, they may well want to promote the point that they will themselves need access to medium-term funds.

At present, they may argue, their ability to compete in the savings market is limited. In the final analysis, therefore, the debate involves not only the future of the banking system itself, but the historical development of the market for private savings and questions which can be answered only by a fundamental political decision. To give the banks a better share of available resources.

Weekend Brief

Islands involved

A survey commissioned by island councils into constitutional options open to them if the devolution referendum is published on April 5—about a month later than expected. Last year the council reached the Nevis Institute, Edinburgh-based think-tank organisation, headed by Lord Brandon, to produce a run-in on all the options open to the islands turned down the solution in the referendum. The 50,000 word Nevis report was then passed by the islands' 22 elected councils. The draft was passed by the islands' 22 elected councils. The draft was passed by the islands' 22 elected councils. The draft was passed by the islands' 22 elected councils.

When the harbour mud finally covers the last piece of metal over the QE1 next month the question of "whodunnit" will still remain. Although the sinking of the ship which had been renamed the Seawise University was found to be deliberate, no one has yet got round to naming names. Meanwhile, however, the ship's demise has proved a boost to the island's economy. Hong Kong found itself with a huge quantity of prime steel dumped literally on the doorstep. The QE1's bulk has been reconstructed into steel reinforcement for use in Hong Kong's booming building industry. At least that means there is something British in the tower blocks rising in the colony. Local officials and businessmen complain that the U.K., with some exceptions, has not shown much enthusiasm to sell to the construction industry here.

Queens together

THE QE2 docked in Hong Kong harbour this week, disgorged several hundred of its passengers for a side trip into China, and completed an unusual trip. Berthed beside the Cunarder has been the P. and O. Royal Mail ship, the Canberra, one of the two "legendary" passenger ships currently in operation. But not far from them rested the ghost of liners past—the last remains of the original Queen Elizabeth.

Most of the Elizabeth's 83,000 ton bulk has now been removed by Korean divers from Hong Kong's murky waters, but some 15,000 tons of it remains buried in the mud. The salvage men working on the wreck of the ship which sank after a fire started by arsonists in 1972 are to level off the remains to seabed level and then give up. The last piece of metal would be far too expensive a job.

When the harbour mud finally covers the last piece of metal over the QE1 next month the question of "whodunnit" will still remain. Although the sinking of the ship which had been renamed the Seawise University was found to be deliberate, no one has yet got round to naming names. Meanwhile, however, the ship's demise has proved a boost to the island's economy. Hong Kong found itself with a huge quantity of prime steel dumped literally on the doorstep. The QE1's bulk has been reconstructed into steel reinforcement for use in Hong Kong's booming building industry. At least that means there is something British in the tower blocks rising in the colony. Local officials and businessmen complain that the U.K., with some exceptions, has not shown much enthusiasm to sell to the construction industry here.

Contented cows

A new future for the cow population is on the way, Colman and Co. the Sudbury, Suffolk-based firm, importing and marketing agricultural equipment, announce that they are to distribute a new product from Denmark. The manufacturer is Strangko and the product is a cow brush. Strangko claim that a contented animal will produce more milk and one of the problems that exists is that con-

ditions—what The Media Department calls the sort of fancy footwork that has hitherto allowed the contractors to increase the revenue potential of their rate cards by much larger amounts than alterations in the basic rates would suggest.

But in addition to the rate card increases, British business is anyway at present in the process of beefing up its advertising-to-sales ratios as the economy stirs to life. On television at the moment, for example, there is a considerable amount of advertising, such as the airlines and the film companies, while the sums being spent on corporate and financial advertising (including those spent by the banks and the building societies) are also substantial.

What the TV companies—and most advertisers—would like, of course, is a substantial increase in the supply of useable commercial airtime to help take the heat out of the contractors' advertising rate cards, which is why the White Paper on the Amman Committee's report on the future of broadcasting, now due around the end of this month or early in April, is so eagerly awaited.

Until recently there appeared to be very little support anywhere for an Amman-like Open Broadcasting Authority to handle a fourth television channel—most assumed it would be given to ITV—but recent reports have suggested there are a number of Ministers in favour of Amman's recommendation.

However, in the first instance the White Paper seems bound to buy more time by extending yet again the Broadcasting Acts and the ITV contracts by at least another year beyond their present date of termination, which is next July. This doesn't mean that the TBA may not feel the urge to flex its muscles by packing one of the present contractors post-encourager les autres. It last did this in 1968 when the Wales and West contract was withdrawn from TWW and given to Harlech. According to some media specialists, the likeliest candidate for the chop would be London Weekend Television, whose programming has hardly shone and which is said to be far from popular with the smaller stations who are forced to take large chunks of it.

However, says The Media Department, an extension of the present contracts will give vulnerable contractors a breathing space to pick up a few brownie points before the end of term. Perhaps it is not entirely coincidental that LWT's latest annual report announced that more than £2m. has been earmarked for new investment in programmes and studio equipment.

The danger in all this is, of course, that in their anxiety to impress the powers that be, the contractors will come up with another bunch of worthy but dull programmes like those intended to impress the Amman Committee in the autumn of 1976, which resulted in a disastrous slump in ITV's share of audience.

A slump in ratings, of course, would be grievous bad news for the advertisers who are at present paying so grandly to get their products on to the box. We shall just have to wait and see.

CONTRIBUTORS
Anthony Moreton
Arthur Sandles
Michael Thompson-Noel

turning, distributive and service industries (fourth quarter—rev.). Manufacturers and distributors stocks (fourth quarter—rev.).

THURSDAY—Prime Minister leaves for Washington talks on world economy. Parliament rises for Easter recess. New vehicle registrations (Feb.). Sales and orders in the engineering industries (Dec.). Finished steel consumption and stock changes (fourth quarter—final).

FRIDAY—Young Liberals conference opens, Southampton.

SATURDAY—National Union of Teachers conference opens, Blackpool. Labour Party Young Socialists conference opens, Llandudno.

Economic Diary

TUESDAY—Unemployment figures (March—provisional). Mr. John Silkin, Agriculture Minister, addresses Guild of Agricultural Journalists International Press Centre, E.C.A. Car and commercial vehicle production (Feb.—final).

WEDNESDAY—House of Commons debates Windward inquiry report. Rail pay talks resume. TUC General Council meets. Labour Party National Executive Committee meets. Report of National Food Survey report on consumption (fourth quarter). New construction orders (Jan.). New domestic product (fourth quarter—provisional).

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If you cannot sign Part I of the Declaration below, delete it and sign Part II.

I declare that I am not resident outside the United Kingdom, the Channel Islands, the Isle of Man or Gibraltar, and I am not acquiring the units as the nominee of any person resident outside those territories. (If you are unable to make this declaration you should apply through a bank or stockbroker.)

I agree that any declaration made by me in connection with this proposal shall be the best of the best between me and M&G Trust (Assurance) Ltd., and that I will accept their customary form of policy. I agree to provide any further information the company may require. (A specimen of the policy form is available on request.)

SIGNATURE DATE

M&G is a member of the Unit Trust Association. Registered in England No. 1043259. Reg. Office as above.

THE M&G GROUP

Earnings doubled at Morgan Grenfell

NET PROFIT for 1977 of Morgan Grenfell Holdings, the banking and finance group, rose from a revised £2.5m. to £5.4m. after tax and transfers to inner reserves of banking subsidiaries.

The directors say that having regard to the size of existing inner reserves they have decided to adopt a policy of disclosing a greater proportion of profits. Results for 1977 are on a revised basis and profit for 1978 has been adjusted from £2.5m. accordingly. Stated earnings on increased capital from a one-for-four scrip issue are doubled at £5.4p per share compared with £2.5p reflecting the unusually favourable circumstances in financial markets which obtained during most of the year, as well as underlying growth in many aspects of the group's business.

The dividend is stepped up from an adjusted 4.5p to 5.3p with a final of 2.7p net. Over the year the group balance sheet total increased from £95m. to £288m. and shareholders' funds were up from £25.5m. to £31.4m., which included items credited to reserves £1.5m.

Morgan Grenfell is a public but unlisted company.

See Lex

R. Clay's record profits

An advance in second half profit from £34,298 to £57,108 enabled Richard Clay (Group) Ltd. to report a record pre-tax profit of £1,183,173 compared with £1,143,738 for the previous year. Turnover increased to £23.8m. against £24.4m.

At the interim stage, the directors said that activity in the level of activity in the last quarter, and to the company's continued ability to contain cost increases, results should be similar to those of the first period.

In yesterday's report, second half profit was up at £510,108 due to an agency error.

Church growth trimmed in latter half

DESPITE LITTLE change in second half profit at £1.2m. against £1.17m. Church & Co. O. no turnover, excluding VAT, of £9.4m. compared with £9.2m. in the first half. The company's earnings per share are shown as 6.1p (48p) and the dividend is lifted from 10p to 11.5p, costing £124,500 (£110,000).

At midday, the directors said that the retail trade continued to be good and that year profit should show a reasonable advance, but they warned that the rate of increase might not be maintained at first half level.

After tax, £1.18m. (£0.95m.) and minorities, attributable profit for the year was up from £1.01m. to £1.2m., giving stated earnings of 24.5p (20.5p) per 25p share.

A final dividend of 2.67p raises the total to the maximum permitted 3.37p (3.02p) net, absorbing £165,714 (£145,803).

Results include a small loss on foreign exchange compared a profit of some £180,000 for 1976. The amount carried forward is £2.1m. (£4,071m.).

Taxable profit for 1977 of

Results due next week

The spate of preliminary announcements continues next week with the Stock Exchange list including such notables as Tube Investments, Philipps Lamps and British Leyland. In addition, insurance brokers Willis Faber and C. T. Bowring are reporting, with interest being focused on Thomas Tilling and Hepworth Ceramic, which is currently in bid talks.

Tube Investments is due to announce its full year figures on Wednesday and analysts are currently anticipating pre-tax profits of between £55m. and £60m. compared with the £48.6m. of the previous year. It clearly has been a very difficult year for the steel tubes division which at the interim stage reported pre-tax losses of £1.5m. against £1.2m. from the group's British Aluminium investment are expected to be substantially improved as predicted.

Results are announced on Wednesday, an increase over the previous year of about a fifth, which is against a background of underlying activity in the construction materials division, which normally provides more than 20 per cent. of operating profit. Here, although demand must be down, the value of deliveries should show an increase, as Graham's will have performed well. Elsewhere, insurance (a tenth of profits last year) is expected to achieve its target of further growth, while medical supplies will get a substantial boost from the Intermeco acquisition in the U.S.

Philips Lamps, with its bias toward scanner products, faced

DIVIDENDS ANNOUNCED

Company	Current payment	Date of payment	Corresponding dividend	Total last year
Shirley Banks Church & Co.	1.23	May 19	1.1	2.33
Hall Eng.	2.51	May 5	1.98	4.49
Hamilbourne	0.87	Apr. 15	0.97	1.84
Morgan Grenfell	2.73	—	2.58	5.31
Noble & Lund	0.54	—	0.5	1.04
Subsidiary	1.44	Apr. 27	0.7	2.14
Tyack & Turner	1.33	Apr. 5	0.85	2.18

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues.

Noble & Lund declines

Reflecting the abolition of the Regional Employment Premium, taxable profit of Noble and Lund, engineering and machine tool making group, fell from £245,968 to £216,292 for 1977, after a mid-way rise to £23,400 against £23,885. Group turnover for the year was higher at £2.6m. (£1.96m.).

After a difficult year's trading, the directors see no immediate change in the market for the type of machine tools that the company manufactures.

Earnings per 10p share are shown down from 2.15p to 1.53p and the dividend is stepped up to 0.77p (0.7p) net, with a 0.58p final.

Profit was after writing off goodwill and patents amounting to £14,716, but before tax of £111,703 (£133,701).

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SUMMARY OF THE WEEK'S COMPANY NEWS

Take-over bids and mergers

Centraway has backed out of the contested bid for Blakey's (Mallesb Castings) and has sold its 41 per cent stake to Allied Insulators. The latter is making a new agreed offer comprising 60p per Blakey's share with a six for seven share alternative. Allied has shares or acceptances amounting to over 50 per cent of Blakey's.

Spey Investments, which is wholly-owned by Grindley Brands—its 51 per cent controlled by Grindley Holdings—has bought a 26.6 per cent stake in Cray Electronics from Crest Nicholson at 26p a share. Together with its existing stake in Cray, this takes the Spey holding to just over 60 per cent and triggers off an offer bid on the same terms under the City Code. However, Spey is appealing to Cray shareholders not to accept the offer as it intends to maintain the Cray quotation on the stock exchange.

A group of major shareholders in H. and R. Johnson-Richards, together representing 25 per cent of the equity, have taken the highly unusual step of asking that the Board "give the most careful consideration" to the takeover approach made by the company by Hepworth Ceramic on Monday. They also urge that shareholders should be given the opportunity to consider any offer of "not less than 125p a share." This compares with the price prior to Monday's announcement of 94p and the current market price of 113p.

Britania Arrow Holdings (formerly Slater Walker Securities) has announced that negotiations are well advanced for the sale of its life assurance company Arrow Life Assurance and its subsidiaries and Britania Life Association (CI) of Guernsey to Giff and Western Industries Inc., a leading U.S. conglomerate.

The attempt by Reed International to reduce its debt by selling most of its South African interests to two subsidiaries, Union Corporation has foundered. Reed had been hoping to realise up to £30m.

The threat of a rival bidder wresting control of the U.S. industrial gases producer Airco from BOC International loomed

closer when Martin Marietta, a large and diversified company with interests in aerospace and aluminium, announced that it is talking to Airco's representatives.

Rediffusion, the television manufacturing and rental subsidiary of British Electric Traction, has agreed in principle to pay a cash sum of around £4.5m. for Good Listening, the major trading subsidiary of British Photographic Industries—a public but unlisted company.

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid (2m's)**	Bidder	Final Acq'ee date
Prices in pence unless otherwise indicated.						
Anston Hldgs.	76*	75	70	2.4	Clerk's Acre (Hassocks)	30/3
BCA	135*	120	53	1.48	A.P. Cement	—
Blaker's (Mallesbale Castings)	62*	48	46	1.50	Allied Insulators	—
Bury & Masco	99/125	94	80	6.46	Scapa	—
Cray Electronics	26*	25	19	2.56	Spey Invest.	—
Dawson (James)	138	125	87	5.24	J. H. Fenner	—
Dixor	26*	43	47	0.31	Messrs. Dismore & Stark	30/3
Ellis & Co. (Richmond)	24*	22*	17	1.19	Gough Bros.	29/3
Gordon Johnson Stephens	24*	18*	15	1.6	Shiner Engineering	—
Hamblin	48*	47	43	0.75	Ferguson Secs.	—
Lockhart (A.)	233	195	170	1.8	Irish Ropes	—
Lord. Anst. Hrs.	138*	124	123	10.4	Colonial Mutual Life	—
Lord. Anst. Hrs.	123/124	124	101	6.82	Hooper Corp.	10/4
London Sumatra	110*	120	86	17.5	McLeod Russell Sipef SA	21/3
Prop. Inv. & Finance	110*	107	106	4.74	Casimere Props.	—
Reynolds (W. J.)	38/40	40	33	1.5	Manchester Garage	—
Watr. Canada Inv.	650/6	635	500	0.53	Scott Eastern Inv.	30/3
Whitley (G. M.)	36	33	28	1.1	Assoc. Paper	30/3
Wigfall (R.)	274/8	223	163	14.3	Comet Radiovision	22/3

Company bid for	Value of bid per share** price**	Price Value of bid (2m's)**	Bidder	Final Acq'ee date		
Young Amstra Young	93*	83	66	3.4	Trifalgar House	26/3

* All cash offer. ** Cash alternative. *** Partial bid. § For capital not already held. ¶ Combined market capitalisation. § Date on which scheme is expected to become operative. ** Based on 16/3/78. ¶ At suspension. § Estimated. § Shares and cash. ¶ Based on 17/3/78.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)	Earnings* per share (p)	Dividends* per share (p)			
Gen. Armitage	Dec. 31	680	(830)	28.4	1.943	(1.758)	
Booster Eng.	Nov. 30	490	(223)	3.5	1.45	(1.291)	
RP	Dec. 31	2,188m	(1,783m)	92.6	(87.4)	22.102	(19.967)
Bury & Masco	Dec. 31	1,208	(842)	12.5	(11.7)	4.735	(4.289)
CB&I Roadstone	Dec. 31	14,738	(11,811)	4.84	(4.04)	1.068	(0.868)
T. Clarke	Dec. 31	428	(328)	3.7	(3.1)	1.12	(1.011)
Richard Clay	Dec. 31	1,688	(1,144)	11.0	(7.8)	3.184	(2.381)
Wm. Collier	Dec. 31	3,150	(2,220)	18.1	(12.7)	4.678	(3.451)
Small & Thomas	Dec. 31	1,128	(712)	9.3	(7.7)	2.482	(2.23)
Fairclough Constr.	Dec. 31	7,049	(5,554)	9.3	(7.7)	2.488	(2.23)
Farquhar Land	Dec. 31	883	(797)	3.7	(3.4)	2.3	(2.0)
Finlay Packaging	Dec. 31	486	(464)	2.7	(2.7)	0.584	(0.538)
Small & Thomas	Dec. 31	425	(338)	2.16	(1.9)	0.582	(0.538)
Grindlays Hldgs.	Dec. 31	30,451	(20,127)	24.5	(19.8)	2.75	(2.5)
ION Enterprises	Dec. 31	71	(64)	5.2	(5.0)	2.5	(2.0)
John L. Jacobs	Dec. 31	2,550	(1,440)	7.9	(3.9)	1.849	(1.268)
Johnson (Cansers)	Dec. 31	2,050	(1,800)	14.4	(11.8)	3.891	(3.484)
Lambert Howarth	Dec. 31	574	(437)	7.1	(7.8)	3.17	(2.87)
Norvic Securities	Dec. 31	220	(232)	2.9	(2.1)	2.9	(1.9)
Patent	Dec. 31	3,250	(2,961)	15.6	(14.5)	3.292	(3.043)
Thos. Robinson	Dec. 31	908	(861)	11.3	(11.0)	3.382	(3.028)
Rolle Royce	Dec. 31	11,003	(8,634)	9.7	(8.8)	4.287	(3.884)
Sharpe & Fisher	Dec. 31	907	(852)	8.3	(8.1)	2.37	(2.122)
Small & Thomas	Dec. 31	425	(338)	2.16	(1.9)	0.582	(0.538)
Smith & Nephew	Dec. 31	17,335	(14,048)	25.5	(24.7)	2.41	(2.15)
Gen. Spencer	Dec. 31	337	(260)	5.0	(2.2)	2.464	(2.229)
United Biscuits	Dec. 31	38,120	(32,246)	17.9	(17.2)	3.854	(3.432)
Patent	Dec. 31	3,250	(2,961)	15.6	(14.5)	3.292	(3.043)
James Walker	Dec. 31	471	(231)	7.2	(7.3)	3.75	(3.425)
H. Woodward	Sept. 30	575	(268)	10.8	(7.1)	1.87	(1.17)
Yorkshire Cereal	Dec. 31	1,547	(1,183)	8.3	(15.0)	4.767	(4.268)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)	Interim dividends per share (p)		
C. R. Beazer	Dec. 31	369	(382)	1.65	(1.5)
Arthur Bell	Dec. 31	7,773	(5,248)	2.25	(2.21)
Brigway	Oct. 19	46L	(38)§	Nil	(Nil)
Brooke Bond	Dec. 31	22,847	(16,278)	0.832	(0.750)
Dawson Day	Dec. 31	830	(160)	0.5	(0.5)
Ductile Steels	Dec. 31	1,573	(9,144)	1.826	(1.751)
Eleco Holdings	Dec. 31	487	(428)	0.75	(0.65)
Fairview Estates	Dec. 31	1,050	(906)	2.5	(2.25)
R. Green Props.	Dec. 31	382	(121)	0.35	(0.5)
ITV	Jan. 31	1,840	(1,200)	3.0	(2.5)
Merchants Ware	Dec. 10	227†	(215)	0.255	(0.225)
Mill Murders	Nov. 30	11	(126)L	2.3	(1.667)
Nelson David	Sept. 30	19	(48)	—	(—)
Parker Timber	Sept. 30	1,270	(1,740)	—	(—)
I. D. & S. Bavin	Oct. 31	1,155L	(20)	Nil	(1.17)
Samuelson Film	Sept. 30	253	(433)	2.0	(3.0)
Second City	Oct. 31	412	(481)	0.534	(0.346)
Stothert & Pitt	Jan. 14	612	(319)	2.4	(2.145)
James Walker	Oct. 31	883	(881)	1.0	(1.0)
Waring & Gilroy	Sept. 30	1,440	(1,030)	1.071	(0.858)
Wolsley-Raghes	Jan. 31	4,464	(3,088)	3.325	(3.025)

(Figures in parentheses are for corresponding period.)

* Dividends shown net except where otherwise stated.

† Adjusted for scrip issued between 1972 and 1973.

‡ For 24 weeks throughout. § For half year to July 31.

¶ Not given. ** For 33 weeks. *** For 32 weeks. L. Loss.

Scrip Issues

Cement Roadstone: Two-for-three.
T. Clarke and Co.: Three-for-ten.
Richard Clay and Co.: One-for-four.
Sharpe and Fisher: One-for-four.
United Biscuits: One-for-one.

Offers for sale, placings and introductions

Agricultural Mortgage Corporation: £3m. Variable rate bonds 1982 at par.
Saga Holidays: Offer for sale of 2.1m. shares at 105p each.

BIDS AND DEALS

Progress for Unilever's Nat. Starch offer

Unilever's £48m. offer for National Starch took a step forward on its long journey yesterday with "definitive merger agreement" being entered into by the two main bidders. The merger agreement is a massive document which, in the words of Unilever's finance director, Mr. Cob Stenham, is like "an offer document in the U.K. times ten".

Previously there was only a letter of intent which described the broad outlines. The agreement adds a great deal of information about the parties and what they undertake to do.

The two main hurdles which the offer now has to jump are the ruling of the Internal Revenue Service and the role of the IRS relating to the tax position of stockholders who accept the offer. Some of them bought National Starch shares at much lower levels and could have a big tax liability. But it is hoped that such shareholders will be able to avoid it by accepting the preferred stock alternative.

As for the vote of the stockholders, Mr. and Mrs. Greenwald, who together own about 15 per cent, have already agreed to rein back the full strength of their block. They will only vote their stock in the same proportion as the shares voted by all the other stockholders.

It is hoped that following a favourable tax ruling, the vote could take place in early June. Completion of the necessary preliminary filings with the Securities Exchange Commission is expected within the next few days.

With the deal looking more likely to go through, shares of National Starch rose 61p to 93p on the New York Stock Exchange.

TILLING EXPANDS TEXT BOOK INTERESTS
Thomas Tilling, the diversified British industrial group, has bought Ginn and Co., U.K. publishers of school text books, from Xerox Corporation of America for £17m. in cash.

The new acquisition will fit in with Tilling's existing interest in this field. Heinemann Educational Books, the educational arm of Tilling's publishing subsidiary, Heinemann Group.

Ginn of the U.S., which will remain in the ownership of Xerox, will continue to operate in the U.S. and Canada but arrangements have been made for Ginn and Co. to remain associated with the developments and publications of the North American company.

Ginn and Co. achieved sales in the year to November 30, 1977, of £18m. and made a trading profit of £480,000. Its purchase continues Thomas Tilling's recent run of acquisitions from U.S. companies, although in this case the company being acquired is essentially a British operation.

For Xerox the deal means that the company remains committed to the educational publishing interests in the U.S. but is concentrating on other aspects of the information and publishing business in other markets.

SMITH BUYS U.S. AVIONICS COMPANY

Smith Industries Inc., a U.S. subsidiary of Smith Industries, has acquired Harrow Systems Inc., of West Chester, Pennsylvania, for about \$3m.

Harrow Systems designs and manufactures a broad range of primary flight instruments and computers for airborne application. Approximately 40 per cent of Harrow's products are supplied directly to commercial aircraft manufacturers. A similar amount is supplied directly to airlines and 20 per cent of the sales volume is for military applications.

Harrow's turnover is running at \$3.5m. per year.

A new facility in the West Chester area is planned for completion within 12 months to support rapidly expanding volume.

The products of Harrow are largely computer related to those of SI and this acquisition is expected to strengthen SI's penetration of the U.S. aviation market.

W. J. REYNOLDS

Mr. T. J. Clemence and associates has built up a stake of 681,000 (16.2 per cent) in W. J. Reynolds, the Ford main dealer, which is currently on the receiving end of a takeover bid from Manchester Garages.

APPOINTMENTS

Hepworth executive posts

Mr. Christopher J. Myatt, a director and general manager of HEPIWORTH INDUSTRIES, has been appointed managing director. Mr. Oscar R. Smith joins the Board as a non-executive director and Mr. Timothy R. J. Moffatt has become financial director.

Mr. Smith is a director of the parent, HEPIWORTH CERAMIC HOLDINGS.

Mr. Gerald Ratner has become group joint managing director of RAYLERS (FEBLERS) with Mr. Leslie Ratner, who remains chairman. Mr. Masarat Hussain, company secretary, joins the Board as administrative director.

Mr. Ken Thomas has been appointed director and general manager of the powered ventilation division of ARGOSY FENTON.

Mr. David Nicholson, chairman of Rothmans International and formerly chairman of British Airways, and Mr. K. M. Townsend, director of services, CIBA-GEIGY I.P. group, have been appointed to the Board of CIBA-GEIGY (UK) following the retirement of Lord Glenderan and Mr. J. A. Rodgers.

Mr. W. L. Banks has been appointed a director of the LONDON AND PROVINCIAL TRUST.

Mr. M. S. Campbell has joined the Board of MOLOYA INVESTMENTS as chairman. Mr. G. M. Devlin has been appointed as chairman and Mr. Brian Joyce, the former managing director, who now heads the Irish Dairy Board in Dublin, Mr. Boardman, who was managing director of the provisions division, also becomes an executive director of the Irish Dairy Board.

Mr. R. R. Robinson, senior partner of HENDERSON CROSTHES,

Wilkinson holders approve True Temper deal

The Board of Wilkinson Match yesterday gained the overwhelming support of shareholders for the acquisition of True Temper, the U.S. garden tools group.

Proxies were received prior to yesterday's extraordinary meeting from holders of 35.9 per cent of the shares, which was the minimum required for the deal. The deal, which would see the acquisition of True Temper, the U.S. garden tools group, was approved by a margin of 12.1 in favour of the deal while smaller shareholders voted 4.1 in favour.

There was a wide divergence of opinion over the deal between institutional and private shareholders. The institutions voted 12.1 in favour of the deal while smaller shareholders voted 4.1 in favour.

ASSOC. NEWSPAPERS BUYS STAKE IN NEW YORK WEEKLY

Mr. Vere Barnworth's Associated Newspapers Group has agreed to buy a 25 per cent interest in the *Soho Weekly News*, a small circulation news magazine published in New York.

Mr. Barnworth has been actively seeking U.S. interests and earlier this year was engaged in preliminary discussions to take control of New York's new morning newspaper, *The Trib*. These talks broke down however and the financially pressed Trib secured new funds elsewhere.

Last year Associated joined forces with Mr. Clay Felner and purchased a substantial interest in *Esquire Magazine*. The move followed a fierce battle for control of the New York Magazine group which pitted Mr. Felner, who founded the business, against Mr. Rupert Murdoch, the Australian publisher who heads the News International group.

Mr. Murdoch, who had previously bought the city's last afternoon paper, *The New York Post*, took control of New York Magazine and Mr. Felner struck up his partnership with Associated.

The purchase of the *Soho Weekly News* will intensify the rivalry in New York between Mr. Barnworth and Mr. Murdoch. The *Soho Weekly News* is an off-beat and frequently iconoclastic publication which appeals to a similar audience as Mr. Murdoch's

weekly *Village Voice*. The *Soho Weekly News* has a much smaller circulation—5,500 compared with around 14,000 for the *Voice*. Both magazines draw their titles from districts in Lower Manhattan with flourishing artistic communities.

Associated is to pay \$250,000 for its stake in the *Soho Weekly News* and expects there to be some cross fertilisation with the glossy *Esquire*.

STOCKBROKERS MERGE IN LIVERPOOL

A merger has been agreed between Messrs. Milnes, Barker, Staff and Co. and Lambay, Buxford and Co., and subject to the approval of the council of the Stock Exchange it is hoped that the merger will take place in May.

Mr. Henry Lumby will retire on the merger but his services will be available to the firm on a consultancy basis.

DENISON MINES \$158.5M. PURCHASE

CANADA'S SECOND largest uranium producer, Denison Mines, is buying most of the uranium and nickel interests of the U.S. owned Incoex Off Company in Northern Saskatchewan and northern Alberta for \$158.5m.

The interests are held by Incoex's Canadian unit, which will retain a 7.5 per cent net profit interest in some of the properties. Of the purchase price, 40 per cent is payable immediately and 60 per cent on June 30, 1979.

The Incoex Canada Group owns major interests in an estimated 32.5m. lbs. of uranium reserves, plus major nickel reserves.

MY DART ACQUIRES DAWES CYCLES

M.Y. Dart has purchased the assets of troubled Dawes Cycles for about £170,000 and will continue the business with most of the former workforce.

An estimated deficiency of £77,792 was announced to the creditors meeting yesterday, down from £128,000 prior to the deal. The liquidator, Mr. Roy Adams, told creditors that the reduction was partly because of the work force this cutting back the cost of redundancy payments.

AILSA ACQUIRED BY BRIT. SHIPBUILDERS

Following an approach in 1977 and subsequent negotiations, agreement has been reached in principle that British Shipbuilders should acquire the Ailsa Shipbuilding Company of Troon, Ayrshire.

Detailed negotiations will be commenced immediately, with the object of completing the takeover as quickly as possible.

INCHCAPE/PRIDE & CLARKE

Inchcape intends to acquire principally the outstanding Ordinary shares in Pride and Clarke in accordance with the provisions of Section 298 of the Companies Act, 1948.

Accordingly, no documents of title in respect of the Ordinary shares issued by way of capitalisation of reserves, will be despatched. Dealings will continue to include the entitlement in the capitalisation issue. The offers remain open until further notice.

Consolidated Plantations Limited INTERIM RESULTS

FOR THE SIX MONTHS ENDED 31ST DECEMBER, 1977			
The Directors of Consolidated Plantations Limited have declared an Interim Dividend of 35% gross (1976/77, 35% gross) which will be paid, less Malaysian Income Tax, on 3rd May, 1978 to Shareholders registered on the close of business on 12th April, 1978.			
The Directors propose a bonus issue of three shares for each share presently held; these bonus shares will not rank for the Interim Dividend now declared but will rank for all future dividends.			
SUMMARY OF CONSOLIDATED RESULTS			
	Six months to 31st December	Year to 30th June	1977
	1977	1976	1977
MS 000	MS 000	MS 000	
TURNOVER	113,791	91,555	187,968
PROFIT BEFORE TAXATION	38,926	38,098	70,735
PROFIT ATTRIBUTABLE TO CONSOLIDATED PLANTATIONS LIMITED	21,420	21,948	42,268
Rate of dividends - gross	35%	35%	120%
AVERAGE SELLING PRICES:	MS	MS	MS
Palm Oil (per ton f.o.b. - net of Duty Price)	800	782	875
Palm Kernel (per ton ex-mill)	518	565	542
FFB (per ton ex-estate)	155	136	166
Rubber (per kilo f.o.b. - net of Duty Price)	1.72	1.74	1.75
Cocoa (per lb. f.o.b.)	1.99	1.91	1.86

Although commodity prices for the Company's produce have been improving during the period since the end of the last year, adverse climatic factors are causing material shortfalls in oil palm production. The Directors consider that this may result in a lower level of profitability for the year in comparison with last year's record results.

16th March, 1978

Copies of the full Interim Report sent to shareholders may be obtained on request from The Secretary, Consolidated Plantations Limited, President House, Jalan Inchi, Kuala Lumpur, Malaysia.

Opportunity for capital growth

PLUS ESTIMATED GROSS YIELD 25.00%

COSMOPOLITAN GROWTH FUND

FIXED PRICE OFFER AT 18.3p CLOSING 29th MAR. 1978

INVESTMENT POLICY

The policy is to invest in U.K. equities with the emphasis on successful companies where the dividends are more than four times covered. It is intended that 1978 will see the ending of dividend restraint and

INTERNATIONAL FINANCIAL AND COMPANY NEWS

Record year at Swissair but profit fall foreseen

BY JOHN WICKS

ZURICH, March 17.

THE PAST year was "favourable in every way" for Swissair, according to the airline chairman, Mr. Armin Baltensweiler. The company's expectations were substantially surpassed every year at Swissair headquarters, near Zurich.

Records were reached in all main sectors of operations last year, with total income rising 11.6 per cent to Sw.Frs.2,438m. (\$1,500m.), and gross profits by nearly 20 per cent to Sw.Frs. 307.9m. Despite a rise in depreciation from Sw.Frs.213m. to Sw.Frs.256m. for the year—of which some Sw.Frs.75m. consisted of depreciations over and above the regular amount—net profits were up to Sw.Frs.159m. (\$27.5m.), from Sw.Frs.43.8m. the previous year.

The Board is to recommend payment of a record dividend of Sw.Frs.35 per share. This compares with an annual Sw.Frs.30 distribution for 1977.

Between 1969 and 1976 except

1975, when the dividend was reduced to Sw.Frs.20.

A breakdown of the income total for last year shows an improvement in that from scheduled air services from Sw.Frs.1,680m. to Sw.Frs.1,900m. Elsewhere in the field of airborne operations, income from charter and special flights totalled Sw.Frs.211m. (Sw.Frs.207m.) and that from miscellaneous traffic sources Sw.Frs.59.7m. (Sw.Frs. 54.3m.). Income from the letting-out of aircraft and reserve material rose to Sw.Frs.16.2m. (Sw.Frs.12.6m.), while that from ground organisation services, catering, tax-free shops, technical services and allied sources was up to Sw.Frs.371.6m. (Sw.Frs. 336.8m.). Earnings for participations and other sources fell to Sw.Frs.64.7m. (Sw.Frs.78.4m.).

The airline is now seriously concerned at the strengthening of the Swiss franc in relation to currencies since last autumn. In 1977, after a fall in

the exchange-rate sector brought about a net loss of potential earnings of some Sw.Frs.40m. in view of the monetary situation, Swissair is not expecting a repeat in 1978 of last year's growth.

"The grapes will be hanging much higher this year," said Mr. Baltensweiler. He expressed concern at the currency picture and the development of air tariffs. The airline would also have to consider problems connected with fleet expansion—with "far-reaching decisions" due to be made during the year—and the question of Swiss airport capacity.

Finance director Dr. Martin Junger said that, unlike the situation last year, income will certainly grow less fast than Swissair's actual operations in 1978. He forecast that the airline's capacity offer and its transport performance would rise by some 5 to 6 per cent, with income staying at about the 1977 level. This would point to a fall in net profits for this year.

New set of accounts ordered from KSH

By Charles Bazcheler

AMSTERDAM, March 17.

A. COLTAC, the Royal Scholten Honig (KSH), the troubled starch and foodstuffs group, to present a new set of accounts for the year 1974-75. KSH made a loss of at least Fls.15.5m. in that year, instead of the profit of Fls.30,000 shown by the original accounts.

KSH transferred Fls.15.5m. to its profit and loss account from the revaluation of its stocks in that year, instead of, as in previous years, transferring it to reserves. KSH may have had good reason for this change in procedure, but in that case it should have been stated in its annual report, the Economic Chamber of the Amsterdam District Court said in its judgment.

It awarded costs for the action, which was brought by a shareholders' group. Foundation for the investigation of Business Information (SOBI), against KSH.

KSH, which has reported growing losses in subsequent years, culminating in a forecast loss of between Fls. 40-50m. in the current year, has two months to present new accounts for 1974-75, the court said. It ordered its recommendations to be applied to subsequent accounts of KSH.

The company is, therefore, likely to draw up new accounts for 1975-76. It has only presented unaudited accounts for 1976-77 so far because the restructuring of the company which is presently taking place prevents a proper valuation of assets.

The court also criticised KSH's method of accounting for revaluations of machinery and buildings. It did not take into account potential tax obligations when it transferred an increase in the value of these items to reserves.

KSH said it is studying the court's judgment before deciding whether or not to appeal.

Higher dividend at HBG

By Our Own Correspondent

AMSTERDAM, March 17. HOLLANDSCHE Beton Group (HBG), Holland's largest construction company, announced an increase in its 1977 dividend and plans for a one for 30 scrip issue. At the shareholders' meeting on May 11 the Board will propose a final dividend of Fls.40 cash per Fls.30 nominal share, making the total 1977 dividend of Fls.6.40. It paid a total dividend of Fls.6 in 1976.

This time it proposes issuing one new share for every 30 already held with the new shares ranking for dividend from 1978. Last year it made a 75th jubilee scrip issue of two new shares for every 25 held.

Net profit rose 38 per cent to Fls.48m. From Fls.35.2m. on turnover up 19 per cent to Fls.2,440m. from Fls.2,040m. Net profit per share was 27 per cent, higher at Fls.22.75 compared with Fls.17.58. The company's order book totalled Fls.3,450m. at the end of 1977, compared with Fls.3,290m. a year earlier.

The profit improvement came primarily from HBG's foreign activities, which accounted for almost 30 per cent of total turnover. The company expects its result to improve further in the current year.

HBG comprises more than 100 companies active in general construction, housing, engineering, dredging and off-shore engineering. It will publish its annual report on April 25.

NMB to expand abroad

By Our Own Correspondent

AMSTERDAM, March 17. THE GROWING saturation of the banking services market in Holland means Nederlandse Middestandsbank (NMB), which specialises in providing finance to small and medium-sized business, sees openings in the Middle and Far East and in South America.

NMB, which is the largest of the major Dutch commercial banks to expand abroad, has recently opened full branches in Beirut, New York and Sao Paulo. It is represented in Hong Kong, Singapore, Tehran and Tokyo through the Inter-Alpha group.

NMB earlier announced a 36 per cent rise in net profits in 1977 to Fls.38.2m. from Fls.27.9m. The year before, its balance sheet total was 22 per cent higher at Fls.27.3bn. The improved profit came largely from the increase in business volume, while interest margins were narrower than in 1976.

Total credit granted rose 29 per cent to Fls.15.9bn. but the bank remained within the credit limits imposed by the central bank. It expects no easing of these limits. Talks with the central bank over an extension of the curbs into the second quarter of 1978 will be held to-day.

Change at Olivetti

Roberto Olivetti has resigned the vice presidency of C. Olivetti and Co., manufacturers of computers and office machines. He will remain on the Board.

Mr. Olivetti explained that his resignation was due to the "incompatibility" of the vice presidency at Olivetti with the position he has accepted as general director of Fime, a state-holding financing technologically advanced operations in Italy, including possible enterprises and ventures of Olivetti.

Meanwhile, Olivetti Spa, whose short-term indebtedness is estimated at 1,900m., is expected to make a profit for 1977 after four years of losses. Estimates put last year's profits at 14bn. out of total sales of 11,360m.

Swedish papermaker dips into red: no dividend

BY WILLIAM DUFFLORCE

STOCKHOLM, March 17.

MODO, the Swedish pulp and paper group, slumped into the red last year with a pre-tax loss of Kr.229m. (\$49.8m.). MODO expects to make a further loss in the current year.

The 1977 deficit is less than the Kr.250m. loss forecast in October but nevertheless represents a decline of Kr.73m. from 1976. Group sales just passed Kr.2.2bn. (\$433m.), an increase of 11 per cent.

After appropriating Kr.249m. from reserves, the 1977 account shows a net after tax profit of Kr.130m. while after bringing out untaxed reserves the parent company reports a net profit of Kr.24.8m. The Board, however, proposes to pass the dividend.

In 1976 the dividend was cut by Kr.0.25 to Kr.6.50 a share after earnings had tumbled by Kr.16m.

MODO's losses this year will depend on both pulp price developments and the fluctuations in the dollar. A change of Kr.0.01 in the dollar rate affects group results by some Kr.2m. a year.

McDowell, the group's pulp manufacturing division, was responsible for Kr.26m. of the

Kr.33m. operating loss. By contrast both fine paper and soft paper production moved out of the red, recording operating profits of Kr.11m. and Kr.2m. respectively. The rest of the operating loss was made by the engineering companies.

The big increase in group borrowing last year is underlined by the Kr.73m. rise in net financial items to Kr.130m. MODO hopes to avoid any further increase in net borrowing this year "provided that the currency situation and the state of the market improve within a reasonable time."

Pulp stocks should return to normal by the middle of this year and investments will be cut drastically over the next few years.

It should be noted that a Kr.70m. write-down of pulpwood stocks to comply with the fall in pulpwood prices has been charged to the 1977 account, as have Kr.10m. in trimming costs on new paper machines.

The Board proposes to write up from Kr.30m. to Kr.230m. the book value of its 49.43 per cent holding in the Harsco Power Company. Of this increase has been charged to the account for currency losses on the long-term foreign debt.

while Kr.190m. will be allocated to a special appreciation fund. The intention is for the balance sheet to give "a more correct picture of the true value of assets and of the relationship between equity and outside capital."

IGGESUND, the Swedish paper, board and timber company with subsidiary interests in steel and chemicals, proposes an unchanged dividend of Kr.7.80 a share for the 1977 account despite a loss for the year, writes our Nordic correspondent from Stockholm.

A pre-tax loss of Kr.8m. (\$1.74m.) before extraordinary items compares with a profit of Kr.52m. in 1976. An extraordinary income of Kr.9.2m. gives an income before allocations and taxes of Kr.1.2m. Sales rose by 7.7 per cent to Kr.1,370m. (\$298m.).

The pre-tax figure includes stock gains of Kr.11.1m. Net interest costs rose by Kr.16.5m. to Kr.49.9m. and a further Kr.10m. has been charged to the account for currency losses on the long-term foreign debt.

Billerud worse than forecast

BY OUR NORDIC CORRESPONDENT

STOCKHOLM, Mar. 18

EARNINGS of Billerud, the Swedish forest products concern, plunged by Kr.177m. into a pre-tax loss of Kr.120m. (\$26m.), according to the preliminary report released to-day. The loss is greater than forecast at the eight-month stage. The Board proposes to cut the dividend to Kr.4 a share, which would be comparable with Kr.6.80 a share after adjusting for last year's scrip issue.

Sales grew by less than 10m. to Kr.1,460m. (\$318m.). The Kr.120m. loss is struck after calculated depreciation and would be reduced by Kr.40m., where depreciation according to plan applied. On the other hand, it includes an estimated Kr.24m. in stock gains.

Even after planned depreciation Billerud shows an operating loss for the year of Kr.12m. compared with an operating profit of Kr.140m. for 1976. The adjusted loss per share is given as Kr.40.50 against earnings of Kr.3 a share in the previous year.

A breakdown of the operating profit after planned depreciation shows that the profit collapse stems almost entirely from the pulp, paper and timber operations Kr.68m. to Kr.122m.

In Sweden. These report a loss of Kr.105m. against earnings of Kr.67m. in 1976. In contrast Billerud's Portuguese pulp company, Celbi, earned Kr.44m. last year, the packaging division turned in Kr.23m. and the group's power stations more than doubled earnings to Kr.35m.

Billerud shows a net profit after tax of Kr.29m. against Kr.37m. last year. Since the takeover of Billerud from the parent company reserves. These transfers allow the company to take advantage of special tax deductions on its investments. Capital spending last year was cut by Kr.68m. to Kr.122m.

Swedish Vary management indicated that the State shipyards would need more than Kr.50m. in public funds for the 1978-81 period. And this figure did not include the Kr.1,850m. required to cover the 1977 losses and restore Svenska Varvs share capital.

Mr. Nils-Hugo Hallenborg, Svenska Varvs managing director, later described as "a foolish statement" the report that his company was announcing redundancies in order to bring pressure on the government. He hoped that Kockums would obtain a new order in the spring which would enable it to withdraw the redundancy notices. Talks were underway with a possible customer.

Kockums warning for unions

BY OUR NORDIC CORRESPONDENT

STOCKHOLM, March 17.

THE management of Kockums, the Swedish shipbuilding and industrial group, to-day warned union representatives that it would have to lay off 800 blue-collar workers and 300 office staff in the autumn. Kockums reported yesterday a pre-tax loss of Kr.60m. (\$14.1m.) on its 1977 account. The Malmö Shipyard, which still turned in earnings of Kr.70m. last year, will slump into the red this year.

Kockums said in a communique that it had tried several ways of coping with the labour overcapacity in the yard, the parent company and the computer systems unit. These had included alternative projects, 30,000 man-hours spent on re-

training and Labour Market Board employment grants. Neither these measures nor the natural wastage of the labour force would be enough to meet the situation that would arise in the autumn.

Union members believe that the company move was designed to force the Government into granting credit guarantees for the third Lång carrier, which Kockums wants to build on its own account. But the Government also faces a massive call for new capital from Svenska Varv, the State shipbuilding group.

Svenska Dagbladet, the Stockholm daily, reported this morning that the restructuring analysis just completed by the

Swedish Vary management indicated that the State shipyards would need more than Kr.50m. in public funds for the 1978-81 period. And this figure did not include the Kr.1,850m. required to cover the 1977 losses and restore Svenska Varvs share capital.

Mr. Nils-Hugo Hallenborg, Svenska Varvs managing director, later described as "a foolish statement" the report that his company was announcing redundancies in order to bring pressure on the government. He hoped that Kockums would obtain a new order in the spring which would enable it to withdraw the redundancy notices. Talks were underway with a possible customer.

Arbed is currently at the centre of major restructuring of the steel industry in the Saarland.

Balken results below target

BY OUR NORDIC CORRESPONDENT

STOCKHOLM, March 17.

BALKEN, the Swedish construction group, has reported provisionally a pre-tax loss for 1977 of Kr.26.1m. (\$5.7m.) on a turnover of Kr.2,290m. (\$701m.). Sales were ahead by just over 11 per cent compared with 1976 but the profit figure dropped by over Kr.4m. and did not meet the target made in the eight-month interim report.

However, the 1976 account included an extraordinary loss of Kr.11.7m. as a reserve for supplementary wage payments, 1976.

which was not repeated last year, so that the 1977 pre-tax figure was 16.6 per cent, to 36.1m. ringgits, while operating profit fell sharply by 72 per cent to 334,000 ringgits, reflecting drastic declines in trading margins.

William Jacks said that although the results have been unfavourable compared with the corresponding half year of 1976, group sales have been maintained at the same level as the preceding six months and earnings have shown an improvement over that period.

However, it warned that no significant market improvement is expected during the second half year.

The group is largely involved in the trading of building and engineering materials and equipment in Singapore and Malaysia, and is an associate company of Ocean Transport and Trading's Singapore subsidiary, Straits Steamship Company.

During 1977 Balken completed the merger of its two largest subsidiaries, Armerco Beton and ABV, but at a higher cost than originally calculated. Another factor contributing to the curb on profit development was the increase in planned depreciation of over Kr.18m. to Kr.64.5m.

Arbed is currently at the centre of major restructuring of the steel industry in the Saarland.

Go-ahead for Tandberg takeover

BY FAY GJETER

OSLO, March 17

A TEMPORARY state takeover of Norway's troubled Tandberg electronics concern, to help it back into profits, was unanimously approved this week by parliament.

The move will cost taxpayers a total of Kr.240m. (\$45m.), including Kr.120m. of new share capital, Kr.56m. in loan write-offs, Kr.50m. in loan guarantees

and Kr.15m. to be spent on research and development.

The vote clears the way for the appointment of a new board, which is expected to take some tough decisions involving the closure of several Tandberg plants in Norway. The concern's losses in 1976, in Scotland, is not, however, expected to be one of the casualties.

William Jacks takes control of associate in U.K.

BY H. F. LEE

SINGAPORE, March 17.

WILLIAM JACKS and Co. (Malaya) Berhad has announced that it has acquired 100,000 shares in its U.K. incorporated associate company, William Jacks and Co. Ltd. at a price of 25p per share.

With the acquisition, the group's holding in the U.K. company has been raised from 48.35 per cent to 50.2 per cent.

As a result, William Jacks and Co., which is active in motor car distribution and retailing, providing consultancy and engineering services and trading in Zambia, is now a subsidiary of the group and its results will be consolidated with those of the group.

The group said that the pre-tax profit of its U.K. company for the current year, ending June, will not be less than the previous year's figure of £200,000.

The group's interim report showed a further deterioration in its condition.

Group sales declined by 7.8 per cent to 36.5m. ringgits, while operating profit fell sharply by 72 per cent to 334,000 ringgits, reflecting drastic declines in trading margins.

William Jacks said that although the results have been unfavourable compared with the corresponding half year of 1976, group sales have been maintained at the same level as the preceding six months and earnings have shown an improvement over that period.

However, it warned that no significant market improvement is expected during the second half year.

The group is largely involved in the trading of building and engineering materials and equipment in Singapore and Malaysia, and is an associate company of Ocean Transport and Trading's Singapore subsidiary, Straits Steamship Company.

May stores buy May Department Stores and Jewell Companies have agreed in principle for May's Venture Discount division to acquire 18 of Jewell's 22 Turnstyle self-service department stores. Reuter reports from Chicago. Terms were not disclosed.

German Massey drops U.S. exports

By Adrian Dicks

BONN, March 17.

MASSEY-FERGUSON, the West German construction machinery subsidiary of the Canadian group, announced to-day that it has had to suspend exports to North America because of exchange rate difficulties, and warned that extensive short-term working is likely to become unavoidable.

In blaming the decline of the dollar against the Deutsche mark directly for this situation, the announcement provides some of the stark evidence of the dangers which German Ministers fear could affect hundreds of other engineering companies.

The company, based at Hanover, builds tracked vehicles and loading equipment among its range of products, and it is sales of these to the U.S. market, in particular, that have now had to be suspended.

According to a statement released by the company, Massey-Ferguson's Italian subsidiary has also suspended its exports to the U.S. market of hydraulic excavators.

Today's statement said that the management and works council of Hanomag had reached a preliminary agreement on the need to introduce short-time work, but added that the details of this have yet to be settled.

About 70 per cent of the plant's output is exported, with about half of this figure denominated in dollars. Hanomag has some 3,500 employees.

Bought from the Rheinisch group by Massey-Ferguson in 1974, Hanomag had already suffered considerable erosion of some of its markets for several years. Since the takeover, it has experienced further severe difficulties as a result of the depressed state of demand for many types of machinery in West Germany and abroad.

Loss at Arbed

Financial Times Reporter

NET losses of Lux.Frs.4.5bn.—Lux.Frs.140m.—in 1977 are announced by Arbed, the biggest single employer in Luxembourg and one of the top ten European steelmakers.

The latest deficit compares with a net loss of Lux.Frs.1.3bn. in 1976 and losses of Lux.Frs.3bn. in 1975. Once again the company is not paying a dividend.

Turnover last year declined by around 5 per cent to Lux.Frs.35.4bn. (\$1.1bn.). This problem of weak sales was compounded by the "inability" of selling prices which were well below production costs.

Arbed is currently at the centre of major restructuring of the steel industry in the Saarland.

Advance at Fingest

MILAN, March 17.

FINGEST, the holding company controlled by Montedison, increased net profits by 28 per cent to L.12.2m. (\$95m.), in 1977 from L.8.3m. in 1976.

Excellent results from Gartmore High Income Trust

Here is the outstanding record of Gartmore High Income Trust as given in the Managers' Report published 15th March 1978.

Income up 11.3%
The income paid for the six months ending 31st January 1978 was 166.05p net per 100 units. This compares with 149.20p net for the corresponding period last year—a rise in net payments of 11.3%.

£48.35p to original unitholders
Original unitholders have received a total of £48.35p gross per £100 invested since the Fund began in March 1975. Estimated gross yield as at 16th March 1978 was 9.24% p.a.

24.3% rise in capital value in 6 months
Over the 6 months concerned the offer price of units rose by 24.3%, compared with a rise in the Financial Times Industrial Ordinary Share Index of 4.6%. Since March 1975, the offer price of units has risen by 113.5%, compared to a rise of 65.7% in the Financial Times Index (as at 16th March 1978).

Two ways to invest
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Schroder Life Group
Make your pension worth having.

This document contains particulars given in compliance with the Regulations of the Council of The Stock Exchange for the purpose of giving information to the public with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information given and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement in this document misleading. Application has been made to the Council of The Stock Exchange for the Shares of the Company for the time being in issue to be admitted to the Official List.

Schlesinger Far East Fund Limited

Incorporated with limited liability in Jersey under the Companies (Jersey) Laws 1961 to 1968

This announcement is issued in connection with a placing of Participating Redeemable Preference Shares (the "Shares") of Schlesinger Far East Fund Limited (the "Company") at a subscription price of £1 per Share

BOARD OF DIRECTORS

Manfred David Moross (Chairman) (South African), Chairman, Schlesinger European Investments Limited, 3 Bolney Gate, Ennismore Gardens, London SW7.
Peter Charles Baker, M.A., F.C.A., Managing Director, Schlesinger Investment Management Services Limited, 2 Fairway Close, West Common, Harpenden, Hertfordshire.
Alan Miles Corbin, Member of The Stock Exchange, and of Sheppard & Associates, La Clochette, St. Martin, Jersey, Channel Islands. Neil Harvey Dangerfield, Director, Trevor Matthews & Carey Limited, La Petit Menage, Vincennes, St. Ouen, Jersey, Channel Islands.
Alan Brodie Henderson, Director, Schlesinger Investment Management Services Limited, 6 Lowndes Place, London SW1. Robert James Howe, Director, Schlesinger International Management Limited, La Buissonnet, La Rue Mole, Grouville, Jersey, Channel Islands.
David Sant Innes, Member of The Stock Exchange, La Rochelle, Saumarez Road, St. Martin's, Guernsey, Channel Islands. David Oswald Moon, Solicitor of the Royal Court of Jersey, Les Chanolles, St. John, Jersey, Channel Islands.
Richard Keith Timberlake, Managing Director, Schlesinger Trust Managers Limited, Banley Hill House, Bowhead Green, Nr. Godalming, Surrey.

MANAGERS

Schlesinger International Management Limited,
41 La Motte Street, St. Helier, Jersey, Channel Islands

DIRECTORS OF THE MANAGERS

Manfred David Moross (Chairman)
Peter Charles Baker, Alan Miles Corbin, Neil Harvey Dangerfield, Alan Brodie Henderson, Robert James Howe, David Sant Innes, David Oswald Moon, and Richard Keith Timberlake, all as above; and
Douglas David Aitken, 16 Byron Road, Harpenden, Hertfordshire; and
Geoffrey Stuart Fairfax Piper, La Rue Fraule, St. Ouen, Jersey, Channel Islands.

INVESTMENT ADVISERS

Schlesinger Investment Management Services Limited,
19 Hanover Square, London W1A 1DU

SECRETARIES, REGISTRARS AND ADMINISTRATION AND REGISTERED OFFICE

Schlesinger International Management Limited,
41 La Motte Street, St. Helier, Jersey, Channel Islands

AUTHORISED SHARE CAPITAL

100 Founders' Shares of £1 nominal each issued and fully paid.
500,000 Participating Redeemable Preference Shares of 1p nominal each now being offered for subscription and to be fully paid.
9,500,000 Unclassified Shares of 1p nominal each available for issue.

Unclassified Shares will be issued as Shares for the purpose of satisfying applications for placing and as Nominal Shares for the purpose of facilitating the redemption of Shares (see below).

As at 14th March, 1978, the Company had available the loan facility described below under the headings "Foreign Currency Loan Facility" and "Borrowing Arrangements". Apart from this and the arrangements for the redemption of Shares and Nominal Shares of the Company referred to below under the headings "How to Redeem Shares" and "Capital Structure", the Company had at that date no loan capital or other borrowings or indebtedness in the nature of borrowing, including bank overdrafts and liabilities under acceptances or acceptance credits, mortgages, charges, hire purchase commitments or guarantees (or save as disclosed herein) other material contingent liabilities.

BANKERS

Midland Bank Trust Corporation (Jersey) Limited
28-34 Hill Street, St. Helier, Jersey, Channel Islands
Schlesinger Limited, 19 Hanover Square, London W1A 1DU

AUDITORS

Peat, Marwick, Mitchell & Co.
Chartered Accountants
Equity & Law House, La Motte Street, St. Helier, Jersey, Channel Islands

LEGAL ADVISERS

In Jersey: Mountant du Feu & Jeune
16 Hill Street, St. Helier, Jersey, Channel Islands
In London: Linklaters & Paines
Barrington House, 59-67 Gresham Street, London EC2V 7JA

BROKERS TO THE ISSUE

James Capel & Co.
Winchester House, 100 Old Broad Street, London EC2N 1BQ, and at The Stock Exchange
Joseph Sebag & Co.
3 Queen Victoria Street, London EC4N 3DX, and at The Stock Exchange

INTRODUCTION

The Company has been established to provide residents of the Scheduled Territories with an opportunity to participate in a managed portfolio of investments principally in Japan and the Far East, many of whose economies have, in recent years, grown significantly faster than those of the remainder of the free world.

It is expected that the Company will, initially, enjoy a somewhat higher yield than is usual for a fund investing in the Far East because of the investment of sterling deposits in British Government securities (see below).

The Company has the same open-ended characteristics as a unit trust. It may issue and redeem Shares at prices based on net asset value.

Shareholders, whose initial investment exceeds £2,500, will receive the Schlesinger "PIMS" service, designed specifically for larger investors (see under "PIMS Service" below). The "PIMS" Personal Investment Management Service includes regular investment reports, valuations and informal meetings with the Managers in Jersey and other centres.

INVESTMENT POLICY

The Company's objective is long term capital growth obtained from a managed portfolio of investments principally in Japan and the Far East. It is the Directors' present intention that the Company's portfolio will be built up gradually so that the preponderance of the net assets is invested in securities issued by Japanese companies. The Directors expect that, in normal circumstances, there will also be a proportion of the portfolio invested in Hong Kong and the smaller Far Eastern stock markets or in companies trading in that area. The Directors may, however, vary the portfolio structure from time to time in the light of changing economic and market considerations.

When investment is made by way of the foreign currency loan facility referred to below the Company is required to maintain a deposit of cash and/or securities with the lender. Part of this deposit may consist of a sterling cash deposit or be invested in British Government securities, depending on the Directors' views of future interest rates and other factors. At times when any part of the deposit is invested in British Government securities, the net asset value per Share of the Company will change, not only with the change in value of the Far Eastern investments, but also with the change in value of such British Government securities. The proportion invested in such British Government securities and the yield therefrom will also have a material effect on the yield of the Shares.

THE JAPANESE ECONOMY

The Far Eastern economies of the free world are dominated by that of Japan, which accounts for approximately 10.5 per cent of OECD Gross National Product, compared with U.S.A. 46.2 per cent, Germany 8.6 per cent, U.K. 5.4 per cent. The majority of Japan's post-war economic history has been marked by a high rate of real economic growth. The increase in the price of oil in 1973 and the world-wide recession which followed, resulted in Japan experiencing negative real growth in 1974 for the first time since the war, coupled with high inflation. Since then, however, the economy has recovered strongly, achieving a real growth rate of 5.7 per cent in 1976 and 4.9 per cent in 1977. Japan is now having to adjust from being a fast growth economy to one of more moderate growth. The Managers, however, consider that in the foreseeable future Japan's rate of growth will still be one of the highest in the developed free world.

The success of Japan's exporting industries has been a major contributor to its recent economic recovery. This has resulted in a large balance of trade surplus which has been achieved despite the country being dependent upon imports for over three-quarters of its energy requirements, and having been in deficit in 1973. These successes have been reflected in the strength of the yen and have also caused criticism from other international trading nations and groups particularly the United States and the E.E.C., which are concerned at the imbalance of trade with Japan.

The rate of inflation in Japan has now been reduced from a peak of over 26 per cent per annum in October, 1974 to 4.8 per cent per annum in 1977.

An important feature of the economy is the high personal savings ratio compared with other developed countries. Because of this high savings ratio Japan has, for many years, enjoyed a comparatively high level of capital investment.

Uncertainties exist about the short-term performance of the Japanese economy and of individual companies, as they do for most major economies at present, but during the last 25 years Japan has proved its ability to adapt quickly and successfully to changing economic circumstances, and the structure of its industry and society is likely to ensure that Japan remains a major force in the world's economy.

The table above shows the relative international size of the corporate sector of the Japanese stock market. It is twice the size of the U.K. and is nearly three-quarters that of all the European stock markets combined. It will be noted that the U.S., Japanese and U.K. stock markets represent almost 80 per cent of the combined value of world stock markets listed in the table.

A diversified portfolio of international securities should, for these reasons, contain investments in Japan and the Far East.

INVESTMENT MANAGEMENT

The Directors are responsible for the Company's overall investment policy. The Company has, however, entered into an Agreement (Contract No. 1 below) with the Managers under which the Managers have been appointed to manage the Company's investments, to sell and purchase and promote the sale and purchase of its Shares and to provide general administrative services, particularly in connection with the keeping of records and the issue and redemption of Shares.

Fees and Charges

The Managers are entitled to receive and retain a maximum 5 per cent. preliminary charge made on the issue of Shares. The Managers also buy and sell Shares as principals for their own account and for each purpose may award prices up or down as the case may be to the nearest penny for the purposes of calculating their offered and bid prices. The Company will pay to the Managers a quarterly fee equal to 0.25 per cent of the net assets of the Company during the relevant period of the net assets of the Company excluding any cash deposited as security for the foreign currency loan facility calculated on an offered basis (see under "Valuation, Sales and Purchases" below) plus the outstanding amount of the foreign currency loan. As a result the Manager receives a fee from the Company in respect of the Company's underlying portfolio investments and the British Government securities deposited as collateral for the foreign currency loans but not in respect of cash deposited in connection with such loans. The Managers also receive reasonable remuneration and reimbursement of expenses in respect of the provision of services as Secretaries, Registrars and Administrators.

The Managers will meet all expenses of providing investment management and advice, including any sum paid to the Investment Advisers, the cost of preparation of the PIMS reports and the costs of the PIMS meetings.

INVESTMENT RESTRICTIONS

Although the Articles of Association of the Company contain no investment restrictions, the Directors of the Company have agreed to follow the following investment policy in relation to the Company's investments (other than British Government securities deposited in connection with the foreign currency loan facility):—

not more than 10 per cent of the net assets of the Company will be invested in securities issued by any one company;
the Company will not hold more than 15 per cent. of the nominal amount of all securities issued by any one company;
not more than 15 per cent. of the net assets of the Company will be invested in securities which are not listed on a recognised stock exchange.
The Managers will not be obliged to make changes in the portfolio merely because the above limits are exceeded as a result of changes in the market values of investments held, any rights distributions or capital receipts accruing to the benefit of the Company, or any mergers or re-organisations affecting the investments of the Company.

SHARE CAPITAL ISSUED OR TO BE ISSUED

On 14th March, 1978, 100 Founders' Shares (see below) were issued by the Company to the Managers for cash at par. The initial placing of Shares consists of 500,000 Shares offered at a subscription price of £1 (including a preliminary charge accruing to the Managers of 4.75p). The subscription lists will open at 10.00 a.m. in Jersey on 20th March, 1978, and close at 4.30 p.m. in Jersey on the same day. Allotment of Shares will take place on 20th March, 1978.

Further Shares will be made available for subscription on Wednesday of each week, or if any Wednesday is a legal holiday in Jersey, on the following business day in Jersey (the "Subscription Day").

commencing 29th March, 1978, on the terms of the Company's prospectus for the time being current. The price at which such Shares will be issued will be calculated as provided in the Company's Articles of Association. Further particulars of this and of sales by the Managers to satisfy applications are set out below under the heading "Valuation, Sales and Purchases". Applications will normally be satisfied at the offer price per Share and on the day they are received by the Managers (see "Valuation, Sales and Purchases" below) and should be for a minimum investment of £250.

Service hereinafter mentioned:—

(i) No Shares or loan capital of the Company have been or are proposed to be issued other than as fully paid up in cash;
(ii) No contracts, loans, mortgages or other special terms have been granted by the Company in connection with the issue or sale of any capital of the Company;
(iii) No Shares of the Company are under option or agreed conditionally or unconditionally to be sold under a contract;
(iv) No amount has been paid or is payable in Shares or debentures for goodwill;
(v) No amount or benefit has been paid or given for or intended to be paid or given to any promoter.

The rights attaching to the various classes of Shares of the Company are set out below under the heading "Corporate Structure".

HOW TO REALISE SHARES

Shares may, generally, be realised on any Subscription Day by delivery to the Managers of the relative Share Certificate(s) with the form(s) of request on the back of the Certificate(s) duly completed. Realisation will normally take place on the day on which the relative Certificate(s) duly completed are received by the Managers or, if that is not a Subscription Day, the next Subscription Day. Requests will normally be satisfied at the Manager's bid price per Share on the relative Subscription Day (see "Valuation, Sales and Purchases" below).

Payment on realisation will be effected in sterling by cheque posted at the Shareholder's risk to him or his nominated agent normally within 15 days after the relevant Subscription Day.

SHARE EXCHANGE AND WITHDRAWAL SCHEMES

The Company offers a share exchange scheme, whereby existing investments in listed companies can be exchanged for Shares, and a withdrawal scheme whereby a few Shares may be encashed at regular intervals to supplement spendable income.

PIMS SERVICE

Shareholders whose holdings, valued at the date of purchase, exceeded £2,500 will receive the Schlesinger "PIMS" Service designed specifically for larger investors. The "PIMS" Personal Investment Management Service includes regular reports and valuations together with a review of investment results and changes in the Company's portfolio. Shareholders will be invited to investment meetings in Jersey, Guernsey and elsewhere, at which current investment conditions will be discussed and questions answered.

REPORT OF THE AUDITORS OF THE COMPANY

THE DIRECTORS

SCHLESINGER FAR EAST FUND LIMITED.
Dear Sirs,
Your Company was incorporated under the Laws of Jersey on 10th March, 1978. As at the date of this letter it has not traded and no accounts have been prepared and no dividends paid.
Equity & Law House,
La Motte Street, St. Helier, Jersey, Channel Islands.
14th March, 1978.

MARKET CAPITALISATION OF WORLD STOCK MARKETS COVERED BY "CAPITAL INTERNATIONAL PERSPECTIVE" (as at 30th December, 1977)

U.S.A.	793.9	24.8
Japan	205.1	6.5
U.K.	96.4	3.0
Germany	65.1	2.0
Canada	54.8	1.7
Switzerland	32.4	1.0
France	27.0	0.9
Australia	23.2	0.8
Netherlands	18.7	0.6
Spain	14.5	0.5
Hong Kong	11.0	0.4
Belgium/Luxembourg	10.1	0.3
Sweden	7.9	0.3
Italy	6.8	0.2
Singapore	6.4	0.2
South African Gold Mines	6.4	0.2
Denmark, Austria and Norway	6.4	0.2
(Source: Capital International Perspectives 1, 1978)	£1,386.8	100.0%

Taking a medium term view, investment in Japan is favoured for the following reasons:—

1. There is a stable, organised Government, committed to capitalism and the promotion of a sound business environment, with an emphasis on conservative monetary and economic management.
2. Government expenditure as a proportion of GNP is low compared with highly developed western economies.
3. There is a large, well educated population (over 90 per cent. of Japanese students attend senior high school during the course of their academic career) with a reputation for hard work and a highly developed sense of national identity.
4. The organisation of industry, management and labour ensures generally harmonious labour relations.
5. There is a strong trade balance and a long established record of growth in GNP despite limited domestic supplies of raw materials and energy.
6. Japan traditionally enjoys a high savings ratio (1970-76 approximately 22 per cent.) which helps to maintain capital investment.
7. Japan has a well established record of achievement in the field of "high technology".
8. There is an increasingly sophisticated financial environment and a large stock market by international standards as the table above demonstrates.

SCHLESINGERS

The Schlesinger Group was founded in 1902 and conducts its activities in the United Kingdom through Schlesinger European Investments Limited ("SEI"), which is now the Group holding company. Schlesinger Investment Management Services Limited was formed in 1973 as a subsidiary of SEI and together with its subsidiaries and associates, including the Managers, undertakes the management of the portfolios of the Group companies and their clients including those of Schlesinger International Fund (Jersey) Limited, Schlesinger International Fund (Luxembourg) S.A., Schlesinger American Investments Limited, Schlesinger American Options Limited and Schlesinger Gift Fund Limited. These portfolios, whose aggregate value now exceeds £100 million, include the Schlesinger Group unit trust and insurance portfolios as well as pension fund and private client accounts.

THE SCHLESINGER INVESTMENT APPROACH

The portfolio of the Company will be managed according to the established Schlesinger approach of:—
● an emphasis on fundamental investment values, as measured by dividend yields, price earnings ratios and asset cover rather than on short term market movements;
● conservative but flexible management;
● an emphasis on quality stocks with a concentration of major market capitalisation stocks for the greater part of the portfolio;
● a close assessment of risk as a principal factor in formulating strategy—whilst equities and risk cannot be dissociated, considerable importance is attached to the avoidance of unnecessary risk.

FOREIGN CURRENCY LOAN FACILITIES

Schlesingers have specialised in the analysis of the alternative routes available for overseas investment from the United Kingdom and especially the analysis of the use of foreign currency loan facilities compared with the investment currency premium market. Since 1974, Schlesingers have been firm advocates of the use of the loan route and have stressed the dangers of the investment currency premium, which, in the event, has proved to be volatile. Despite the recent abolition of the "25 per cent surrender rule", it is the Directors' present intention to invest largely by means of foreign currency loans. The merits of both routes are, however, under constant review.

DIVIDEND POLICY

As stated above, the Company's investment objective is capital growth. It is, however, intended that a substantial proportion of the net income of the Company will be distributed annually in the month of August commencing in August, 1979. In current conditions the net cost of foreign currency borrowing and administration expenses would be greater than the Company's foreign currency income so that the income available for distribution will be earned largely from investments in British Government securities and bank deposits. Although it is hoped that distributions will increase in the long term, they will be particularly dependent on the proportions of the assets of the Company which are held in cash deposits and British Government securities and on the level of interest rates during the period in question.

PROSPECTUS

Copies of these particulars and, on and after 22nd March, 1978, the continuous prospectus to be issued by the Company together with application forms, may be obtained from the registered office of the Company and from the brokers to the issue.

TAXATION

The Company is resident in Jersey for tax purposes. It is the intention of the Directors to conduct the affairs of the Company so as to ensure that it will not become resident in the United Kingdom, would not be deemed to be a close company if it were so resident and will not trade through a permanent establishment in the United Kingdom.

Jersey does not levy a capital gains tax, wealth tax, estate duty, inheritance tax, capital transfer tax, or value added tax. Special provisions for Jersey were required in connection with the United Kingdom's entry into the E.E.C. Under the arrangements concluded none of the fiscal provisions in the Treaty of Rome will apply to the Channel Islands and there will be no obligation to follow any harmonisation of taxation which the Community might adopt.

The Company is not liable to taxation on capital gains in the United Kingdom, Japan or in Hong Kong. Shareholders who are resident or ordinarily resident in the United Kingdom will, unless exempt, be liable to capital gains tax (or, in the case of corporate shareholders, corporation tax) in respect of chargeable gains arising on the disposal of Shares.

The Company's net income will be subject to Jersey income tax (currently at the rate of 20 per cent.). The Controller of Income Tax in Jersey has also agreed that relief will be obtained for interest paid by the Company on the foreign currency facilities referred to above.

Dividends paid by the Company will be subject to deduction at source of Jersey income tax, which the Company may retain against its own liability to Jersey income tax.

Shareholders who are resident or ordinarily resident in the United Kingdom will, depending on their circumstances, be subject to United Kingdom income tax and, where relevant, the investment income received, without any credit for Jersey tax borne. However, approved superannuation funds and charities which enjoy exemption from United Kingdom income tax may reclaim the Jersey income tax withheld at source by applying to the Controller of Income Tax in Jersey.

The proceeds of sale or redemption of Shares will not constitute income for the purposes of United Kingdom income tax and corporation tax unless the recipient is a dealer in securities.

The attention of persons ordinarily resident in the United Kingdom is drawn to the provisions of Section 478 of the Income and Corporation Taxes Act, 1970, which may, in certain circumstances, render them liable to tax under the provisions of this section in respect of their holding in the Company.

Dividends and interest received by the Company in respect of its investments may be subject to withholding taxes at varying rates depending on the country of origin.

The foregoing is based on the law and practice currently in force in Jersey, Japan and in the United Kingdom and is subject to change therein.

Shareholders are advised to consult their professional advisers as to the incidence of taxation in relation to the purchase, holding or sale of Shares of the Company.

CORPORATE STRUCTURE

The Company is an investment company incorporated with limited liability in Jersey on 10th March, 1978, under the provisions of the Companies (Jersey) Laws, 1961 to 1968. The Memorandum and Articles of Association of the Company are drawn to the provisions of the Companies (Jersey) Laws, 1961 to 1968. The Company is authorised to issue 100 Founders' Shares of £1 each and 10,000,000 further shares of 1p each, which, pending issue, are Unissued Shares, and are issued as Participating Redeemable Preference Shares of 1p each (the "Shares") and as Unclassified Shares. All the Founders' Shares are issued and 500,000 Participating Redeemable Preference Shares are the subject of the placing mentioned above.

مكتبات الامم المتحدة

STOCK EXCHANGE REPORT

Gilt-edged fall back in thin trade as buyers retreat

Equities mixed and index sheds 1.1 to 457.2—Golds lower

Account Dealing Dates
Option
First Declared Last Account
Dealing Date
Feb 27 Mar 9 Mar 10 Mar 21
Mar 13 Mar 30 Mar 31 Apr 11
Apr 3 Apr 13 Apr 14 Apr 25

*Now time dealing may take place from 1.30 a.m. two business days earlier.

Stock markets closed on a broad front yesterday at the end of the first leg of the three-week holiday. Account dealing shares were marked up in the first half of the day, but support was not forthcoming and prices gradually slipped away to close narrowly mixed but easier for choice.

Six days of the recent controlled advance in the Gilt-edged market were retraced yesterday with recent buyers apparently satisfied. The Government broker was not tested at his top levels and the longer quotations ended with falls to 100. The Government Securities Index, up 1.39 in the previous ten days, reacted 0.49 to 75.54.

Trading was thin again as seen in official markets of 4,553 compared with recent figures in excess of 5,000 and price movements of note again centred on companies in the news or on special situations. Press comment on RP's results led to some clarification after the confusion which accompanied the previous day's announcement and the shares advanced 18 to 764. GEC, on the other hand, showed marked weakness at 230p following loose talk about a broken record for the year before ending 15 down on balance at 237. Other index stocks rarely moved, but the FT 300 index ended 1.1 down at 457.2 after having been three points up at the 10.00 conclusion. The index loss on the week was 1.8 after the previous week's advance of 2.8.

Gilts react
Indecision on the part of buyers after this week's run on both the short and long end has been responsible for a reaction in British Funds. The former were affected only to a minor degree but the latter, particularly following a business which bore little comparison with the busy trade seen earlier in the week. Nonetheless, the shake-out was pronounced, with the 10-year index after an en masse fall of 1.5 points, ending 1.1 down at 118.3, which is now 1.1 below the level given a resumption of the recent demand. This was augmented yesterday by the latest fall in the UK inflation rate. Corporations were in better fettle

than the main funds and staged the occasional gain extending to 1. An early fall in the investment current premium to 91 per cent was followed by a much better-balanced trade, most of which was effected between rates of 91 and 92 per cent. The close was the mean of these two rates, down 11 further on the day. Sterling's influence was less than earlier in the week, but yesterday's SS conversion factor was 0.7055 (0.7017).

Isolated Bank features
Clearing Bank features were generally confined to Bank of Scotland, up 5 at 273p, helped by a stock shortage and Bank of Ireland, which jumped 12 to 347p in a thin market. Allied Irish, too, figured prominently at 167p, up 4. Barclays fared best after a quiet day in big four, closing dearer at 330p, while Lloyds hardened to 272p. Alexander's, another 5 higher at 335p, were among isolated improvements in the Discount House sector, while buying ahead of Monday's return lifted London Scottish Finance 3 to 35p in Hire Purchases.

Composite Insurances, continued their downward tilt with Royal's losing 4 to 370p and General Accident a similar amount to 230p. Life issues also eased but, still moving against the trend, Britannic gained 2 more to 163p for a rise of 8 since Wednesday's increased dividend announcement. Awaiting Monday's preliminary figures, Wills & Faber shed 3 to 290p, in Bruckers.

Brokers were again generally neglected. Bass Charrington firmed 2 to 132p. Elsewhere, Distillers edged forward 2 to 173p awaiting news of the company's appeal to the European Court over the EEC Commission's ruling on its pricing policy. Building issues generally had a firm tone, but gains in the leaders were mostly restricted to a couple of pence. Press comment prompted interest in Richard Costain, 250p, and Taylor Woodrow, 370p, which rose on a 3 respectively. Press comment also helped Marchion, 2 up at 234p. In Chemicals, ICI eased 2 to 345p, but Fluorochem recovered 1 to 337p in a thin market. Stewart Plastics, after yesterday's hectic trade, held steady at 135p.

GEC above worst
Marked weakness in GEC, which dropped to 230p before recovering to close 15 down on balance at 237p, was followed by talks of a broker's adverse circular. Outside of the Electrical leaders, H. Wigfall jumped to 242p before settling at 233p for a rise of 10 on the day following Press comment suggesting the possibility of a counter-reaction. Comet Radiovision's bid is currently worth 274p net share. After opening firmly, Stores

drifted back on lack of interest after the recent improvement on nationalisation compensation. From British Home Stores, which eased 4 to 177p. Higher earnings failed to sustain Church's, 3 easier at 169p, but Waring and Gillow hardened 2 more to 89p on further consideration of the interior statement. Press comment influenced MFI Furniture, a penny better at 115p. Associated Fisheries eased a penny to 54p reflecting the chairman's comment at the annual meeting that the prospect for the current year is grim. Super-

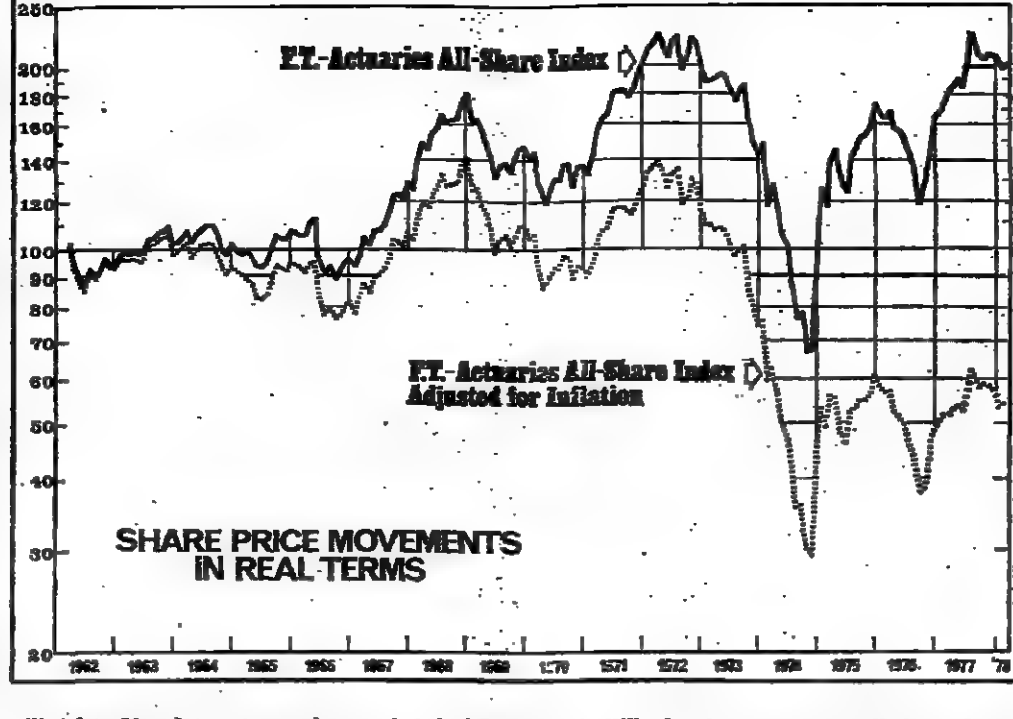
Cleavers 2 up at 55p and Smith and Nephew a penny harder at 61p. Buying interest revived in Securicor, the Ordinary rising 5 to 32p and the A 4 to 80, while demand was also forthcoming for Security Services, which put on 8 to 52p. Gains of 5 were marked against Neill and Spencer, 77p, and Brook Street Bureau, 67p. Motors and Distributors closed on a firm note following reports of booming car sales. Rolls-Royce, still reflecting this week's better

Publicity given to a broker's brochure tending to support a firm undertone in Properties although gains were usually small. However, a fair amount of speculative buying pushed Rush and Tomkins 3 ahead to 104p. Falkley Estates after a further 2 to 104p, and Stock Conversion moved up 4 to 238p. County and District put on 3 to 81p helped by option business, but gains in the leaders were restricted to a penny.

BP advance
British Petroleum took a decision to cut for the first time since the previous day's gyrations which followed the annual results and pushed ahead with the assistance of U.S. influences to close at the day's best of 764p, up 18. Shell closed 18p higher at 764p, up 18. Shell closed 18p higher at 764p, up 18. Shell closed 18p higher at 764p, up 18.

Shippings held close to the overnight levels. Ocean Transport closing a penny better at 133p, in response to Press comment. BAT Industries were on offer following the chairman's view of current prospects. The Ordinary and Deferred closing 8 cheaper at 297p and 257p respectively. South African Industries were notable for fresh weakness in Gold Fields Properties, which declined 6 to 67p for a loss on the week of 17. Primrose closed a penny easier at 55p; news of the 120 cents a share bid by Tongaat came late in the evening.

Poor week for Golds
South African Golds were marked down for the third successive day in the absence of buying interest. The 100% gold shares at 110p, both declined 4p, expected to announce interim dividends on Monday. Harmony gave up 11 to 354p despite Thursday's announcement of an increased final dividend. Over the week the 100% gold shares have fallen 22.50p, while the Gold Mines Index has dropped 8.2



SHARE PRICE MOVEMENTS IN REAL TERMS

FINANCIAL TIMES STOCK INDICES											
	Mar 17	Mar 16	Mar 15	Mar 14	Mar 13	Mar 12	Mar 11	Mar 10	Mar 9	Mar 8	Mar 7
Government Secs	75.54	75.05	75.05	75.05	75.05	75.05	75.05	75.05	75.05	75.05	75.05
Fixed Interest	75.54	75.05	75.05	75.05	75.05	75.05	75.05	75.05	75.05	75.05	75.05
Industrial Ordinary	457.2	458.3	458.3	458.3	458.3	458.3	458.3	458.3	458.3	458.3	458.3
Gold Mines	146.6	156.5	161.1	166.3	161.3	161.3	161.3	161.3	161.3	161.3	161.3
Overl. Div. Yield	5.91	5.90	5.90	5.90	5.90	5.90	5.90	5.90	5.90	5.90	5.90
Overl. Div. Yield (half)	17.35	17.35	17.35	17.35	17.35	17.35	17.35	17.35	17.35	17.35	17.35
FT 300 Index (half)	8.07	8.06	8.06	8.10	8.10	8.10	8.10	8.10	8.10	8.10	8.10
FT 100 Index (half)	4.83	4.83	4.83	4.83	4.83	4.83	4.83	4.83	4.83	4.83	4.83
Debt Index	11.80	11.80	11.80	11.80	11.80	11.80	11.80	11.80	11.80	11.80	11.80
Equity turnover	14,466	14,466	14,466	14,466	14,466	14,466	14,466	14,466	14,466	14,466	14,466

HIGHS AND LOWS											
	High	Low	High	Low	High	Low	High	Low	High	Low	High
Govt. Secs.	75.54	75.05	75.54	75.05	75.54	75.05	75.54	75.05	75.54	75.05	75.54
Fixed Int.	75.54	75.05	75.54	75.05	75.54	75.05	75.54	75.05	75.54	75.05	75.54
Ind. Ord.	457.2	458.3	457.2	458.3	457.2	458.3	457.2	458.3	457.2	458.3	457.2
Gold Mines	146.6	156.5	146.6	156.5	146.6	156.5	146.6	156.5	146.6	156.5	146.6

NEW HIGHS AND LOWS FOR 1977/78											
	High	Low	High	Low	High	Low	High	Low	High	Low	High
Govt. Secs.	75.54	75.05	75.54	75.05	75.54	75.05	75.54	75.05	75.54	75.05	75.54
Fixed Int.	75.54	75.05	75.54	75.05	75.54	75.05	75.54	75.05	75.54	75.05	75.54
Ind. Ord.	457.2	458.3	457.2	458.3	457.2	458.3	457.2	458.3	457.2	458.3	457.2
Gold Mines	146.6	156.5	146.6	156.5	146.6	156.5	146.6	156.5	146.6	156.5	146.6

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS												'Highs and Lows Index'											
and SUB-SECTIONS												1977-78											
Plumes in parentheses show number of stocks per section.												Since Completion											
	Index No.	Dec's Change %	Est. Range (Mill. Corpn. Earnings)	Gross Profit (Mill. A/C)	Net Profit (Mill. A/C)	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	High	Low	High	Low								
1	CAPITAL GOODS (178)	198.53	-0.6	17.82	5.88	7.92	199.77	199.18	200.66	200.12	166.33	228.03 (4/1/77)	135.23 (4/1/77)	228.03 (4/1/77)	50.71 (13-12/74)								
2	Building Materials (27)	180.28	+0.9	16.93	5.87	4.82	178.74	178.66	179.92	179.53	139.49	214.72 (6/1/77)	121.21 (5/1/77)	233.84 (3/5/72)	44.27 (11-12/74)								
	Chemical Products (30)	309.00	+0.9	18.60	4.71	8.02	160.35	160.53	160.84	160.37	233.48	249.68 (4/1/77)	187.99 (4/1/77)	389.33 (2/5/72)	71.48 (12-12/74)								
	Electricals (15)	423.88	-0.2	16.94	6.84	7.92	178.74	178.66	179.92	179.53	139.49	214.72 (6/1/77)	121.21 (5/1/77)	233.84 (3/5/72)	44.27 (11-12/74)								
3	Engineering Contractors (14)	282.19	-0.2	17.59	7.15	7.70	282.87	284.63	285.65	286.06	222.22	332.22 (3/1/77)	168.98 (4/1/77)	332.22 (3/1/77)	64.34 (12-3/75)								
4	Mechanical Engineering (17)	156.44	-0.1	19.43	6.56	7.38	156.58	155.85	156.98	157.11	148.30	187.45 (4/1/77)	125.42 (4/1/77)	187.45 (4/1/77)	45.43 (6-1/75)								
5	Metals and Metal Products (10)	161.94	+0.2	19.28	6.48	6.86	160.19	160.23	160.40	160.47	139.64	177.02 (4/1/77)	133.25 (4/1/77)	177.02 (4/1/77)	49.65 (6-1/75)								
CONSUMER GOODS																							
11	FOOD (162)	182.95	+0.1	18.59	5.16	7.61	182.77	181.87	183.26	182.99	149.88	213.25 (6/1/77)	117.21 (2/1/77)	217.78 (2/1/77)	38.99 (6-1/75)								
12	Non-Food (118)	165.71	+0.7	17.14	7.38	8.06	165.13	164.64	165.29	164.94	149.31	213.25 (6/1/77)	125.89 (2/1/77)	217.78 (2/1/77)	42.85 (13-12/74)								
13	Household Goods (118)	165.71	+0.7	17.14	7.38	8.06	165.13	164.64	165.29	164.94	149.31	213.25 (6/1/77)	125.89 (2/1/77)	217.78 (2/1/77)	42.85 (13-12/74)								
14	Meats and Meat Products (5)	111.96	-0.1	22.72	6.71	6.47	112.05	111.33	112.29	111.36	97.17	130.95 (5/1/77)	77.37 (4/1/77)	170.59 (5/1/69)	19.79 (6-1/75)								
CONSUMER SERVICES																							
21	NON-DURABLES (178)	190.80	-0.2	16.75	6.87	8.26	191.09	190.11	192.20	191.51	159.79	233.84 (3/5/72)	136.79 (2/1/77)	228.03 (4/1/77)	61.41 (13-12/74)								
22	Breweries (14)	220.58	+0.6	14.80	6.02	24.10	219.79	218.77	219.47	218.37	170.05	236.74 (6/1/77)	143.23 (2/1/77)	281.87 (2/1/77)	69.47 (13-12/74)								
23	Wines and Spirits (10)	240.20	+1.0	16.47	5.67	9.21	242.65	240.08	243.30	242.75	170.05	236.74 (6/1/77)	143.23 (2/1/77)	281.87 (2/1/77)	69.47 (13-12/74)								
24	Entertainment (10)	251.69	+1.6	16.21	7.16	9.86	251.41	250.22	251.94	250.92	178.31	272.92 (4/1/77)	159.99 (2/1/77)	329.99 (2/1/77)	54.83 (13-12/74)								
25	Food Manufacturing (25)	285.38	+0.3	22.01	6.04	6.21	280.92	179.75	182.08	182.09	172.02	254.65 (4/1/77)	150.84 (4/1/77)	214.85 (2/1/77)	59.67 (11-12/74)								
26	Food Retailing (11)	185.35	+0.4	14.95	4.93	9.72	184.52	184.33	185.33	184.94	161.94	244.1 (2/1/77)	131.15 (2/1/77)	244.1 (2/1/77)	54.25 (11-12/74)								
27	Newspapers, Publishing (13)	308.92	+0.8	10.88	4.05	13.66	306.42	304.54	305.57	304.37	255.65	360.82 (6/1/78)	270.08 (2/1/77)	360.82 (6/1/78)	55.08 (10-5/75)								
28	Packaging and Paper (19)	128.90	-0.8	21.33	9.37	6.74	128.87	128.53	128.87	127.20	113.62	144.21 (4/1/77)	90.24 (5/1/77)	144.21 (4/1/77)	43.46 (6-1/75)								
29	Textiles (25)	178.12	-0.6	4.46	15.93	178.04	176.96	180.71	179.87	136.45	204.02 (4/1/77)	199.35 (2/1/77)	204.02 (4/1/77)	32.63 (6-1/75)									
30	Textiles (25)	167.04	-0.2	22.16	6.07	5.59	166.43	167.36	168.90	168.90	158.70	180.41 (5/1/77)	135.72 (2/1/77)	180.41 (5/1/77)	40.34 (10-5/75)								
31	Tobacco (13)	225.21	-1.7	23.53	7.96	5.05	239.20	237.24	238.23	235.88	217.91	243.86 (7/1/77)	197.41 (4/1/77)	339.12 (2/1/77)	94.34 (10-5/75)								
32	Toys and Games (10)	99.99	+0.4	20.21	9.93	6.62	99.55	99.44	99.81	99.88	85.00	119.68 (6/1/77)	76.14 (4/1/77)	135.72 (2/1/77)	39.22 (6-1/75)								
OTHER GROUPS (97)																							
41	Chemicals (19)	182.07	+0.1	17.01	6.07	7.28	180.88	180.85	181.95	181.02	153.69	233.70 (4/1/77)	144.93 (2/1/77)	233.70 (4/1/77)	58.63 (6-1/75)								
42	Chemicals (19)	250.42	-0.1	19.08	6.92	7.06	250.68	249.80	252.26	251.30	228.88	290.30 (4/1/77)	204.26 (2/1/77)	290.30 (4/1/77)	71.20 (12-12/74)								
43	Electricals (15)	237.92	-0.1	11.56	4.20	11.09	238.58	237.39	239.36	238.01	206.01	252.96 (6/1/78)	174.5 (4/1/77)	246.96 (1/78)	62.94 (10-5/75)								
44	Office Equipment (16)	127.33	-0.1	19.06	4.99	6.16	127.16	126.39	127.18	126.92	99.67	141.25 (6/1/77)	99.67 (6/1/77)	141.25 (6/1/77)	22.81 (4-3/75)								
45	Shipping (10)	422.25	+0.1	22.78	6.78	52.05	420.65	430.38	432.84	433.73	473.98	568.16 (8/5/77)	405.40 (4/1/77)	539.80 (4/1/77)	80.00 (2/6/75)								
46	Miscellaneous (35)	190.14	+0.6	16.66	5.00	8.51	189.01	188.18	188.45	189.17	167.47	238.02 (2/1/77)	140.61 (2/1/77)	238.02 (2/1/77)	60.39 (6-7/75)								
INDUSTRIAL GROUP (198)																							
51	Oils (16)	166.14	+2.0	12.72	4.49	7.73	162.57	161.93	163.19	162.47	149.02	213.25 (6/1/77)	125.89 (2/1/77)	213.25 (6/1/77)	59.01 (12-12/74)								
52	Non-Oils (182)	166.14	+2.0	12.72	4.49	7.73	162.57	161.93	163.19	162.47	149.02	213.25 (6/1/77)	125.89 (2/1/77)	213.25 (6/1/77)	59.01 (12-12/74)								
53	FINANCIAL GROUP (198)	144.13	+0.1	16.98	5.94	7.98	142.60	143.67	143.11	143.15	142.75	248.30 (5/1/77)	147.08 (2/1/77)	248.30 (5/1/77)	87.23 (2/6/75)								
54	FINANCIAL GROUP (198)	144.13	+0.1	16.98	5.94	7.98	142.60	143.67	143.11	143.15	142.75	248.30 (5/1/77)	147.08 (2/1/77)	248.30 (5/1/77)	87.23 (2/6/75)								
55	Discount Houses (10)	187.51	+0.6	26.06	5.74	5.85	188.33	188.73	189.29	189.97	157.81	247.99 (4/1/77)	139.96 (2/1/77)	247.99 (4/1/77)	55.88 (7-12/74)								
56	Bank (10)	200.27	-	-	8.25	-	200.24	199.55	199.55	199.55	132.42	214.72 (6/1/77)	121.21 (5/1/77)	233.84 (3/5/72)	44.27 (11-12/74)								
57	Hire Purchase (5)	149.38	+0.6	12.45	5.36	33.88	148.88	149.60	150.66	150.95	122.82	199.47 (7/30/77)	84.52 (4/1/77)	199.47 (7/30/77)	38.83 (12-12/74)								
58	Insurance (Life) (10)	137.54	-	-	6.14	-	137.57	137.04	138.82	138.82	116.00	159.05 (6/1/77)	100.97 (2/1/77)	159.05 (6/1/77)	34.46 (10-5/75)								
59	Insurance (Life) (10)	137.54	-	-	6.14	-	137.57	137.04	138.82	138.82	116.00	159.05 (6/1/77)	100.97 (2/1/77)	159.05 (6/1/77)	34.46 (10-5/75)								
60	Insurance (Life) (10)	137.54	-	-	6.14	-	137.57	137.04	138.82	138.82	116.00	159.05 (6/1/77)	100.97 (2/1/77)	159.05 (6/1/77)	34.46 (10-5/75)								
61	Insurance Broker (10)	340.27	-	-	13.21	12.42	340.98	339.39	339.39	339.39	339.39	339.39	339.39	339.39	339.39								
62	Merchant Banks (14)	76.54	+0.1	-	6.25	-	76.46	77.22	76.51	76.51	49.26	77.22 (6/1/77)	77.22 (6/1/77)	77.22 (6/1/77)	34.46 (10-5/75)								
63	Property (31)	237.19	-0.6	2.83	2.89	60.06	236.12	236.17	236.20	237.15	237.15	235.29 (2/1/78)	149.68 (4/1/77)	235.29 (2/1/78)	34.46 (10-5/75)								
64	Miscellaneous (7)	106.19	+0.4	24.60	7.47	6.63	106.16	105.53	106.90	107.22	82.25	118.18 (3/10/77)	71.84 (2/1/77)	107.22 (6/1/77)	34.46 (10-5/75)								
71	Investment Trusts (30)	181.91	+0.4	5.51	6.28	49.49	181.27	181.31	181.34	181.34	170.18	209.22 (10/1/77)	155.19 (1/1/77)	209.22 (10/1/77)	71.65 (13-12/74)								
81	Finance (16)	87.66	-0.2	17.79	6.68	6.84	87.42	87.43	89.50	89.50	105.50	105.50 (2/1/77)	83.60 (5/2/77)	105.50 (2/1/77)	66.31 (30-12/74)								
91	Finance (16)	87.66	-0.2	17.79	6.68	6.84	87.42	87.43	89.50	89.50	105.50	105.50 (2/1/77)	83.60 (5/2/77)	105.50 (2/1/77)	66.31 (30-12/74)								
99	ALL-SHARE (198)	201.77	+0.2	5.72	-	201.45	200.80	202.83	202.82	202.82	179.19	226.91 (2/1/77)	153.70 (1/1/77)	226.91 (2/1/77)	61.92 (13-12/74)								

OFFSHORE AND OVERSEAS FUNDS

ITED
 Tel.: 01-283 1101.
 e 100 at 141-77.)

458

RATES

..... 7.1%

..... 7.12%

City Bond Table.



FT SHARE INFORMATION SERVICE

HOTELS—Continued

AMERICANS—Continued

BUILDING INDUSTRY—Cont.

DRAPERY AND STORES—Cont.

ENGINEERING—Continued

INDUSTRIALS (Misc.)

**BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1001	974	1001	Treasury 10yr 7.5%	101.1	7.5	7.5	1034
1002	975	1002	Treasury 10yr 8.0%	101.2	8.0	8.0	1035
1003	976	1003	Treasury 10yr 8.5%	101.3	8.5	8.5	1036
1004	977	1004	Treasury 10yr 9.0%	101.4	9.0	9.0	1037
1005	978	1005	Electric 6% 7-9	96.5	6.5	6.5	1038
1006	979	1006	Electric 6% 7-9	96.6	6.6	6.6	1039
1007	980	1007	Electric 6% 7-9	96.7	6.7	6.7	1040
1008	981	1008	Electric 6% 7-9	96.8	6.8	6.8	1041
1009	982	1009	Electric 6% 7-9	96.9	6.9	6.9	1042
1010	983	1010	Treasury 10yr 10.0%	101.5	10.0	10.0	1043
1011	984	1011	Treasury 10yr 10.5%	101.6	10.5	10.5	1044
1012	985	1012	Treasury 10yr 11.0%	101.7	11.0	11.0	1045
1013	986	1013	Treasury 10yr 11.5%	101.8	11.5	11.5	1046
1014	987	1014	Treasury 10yr 12.0%	101.9	12.0	12.0	1047
1015	988	1015	Electric 6% 7-9	96.8	6.8	6.8	1048
1016	989	1016	Electric 6% 7-9	96.9	6.9	6.9	1049
1017	990	1017	Electric 6% 7-9	97.0	7.0	7.0	1050
1018	991	1018	Electric 6% 7-9	97.1	7.1	7.1	1051
1019	992	1019	Electric 6% 7-9	97.2	7.2	7.2	1052
1020	993	1020	Electric 6% 7-9	97.3	7.3	7.3	1053
1021	994	1021	Electric 6% 7-9	97.4	7.4	7.4	1054
1022	995	1022	Electric 6% 7-9	97.5	7.5	7.5	1055
1023	996	1023	Electric 6% 7-9	97.6	7.6	7.6	1056
1024	997	1024	Electric 6% 7-9	97.7	7.7	7.7	1057
1025	998	1025	Electric 6% 7-9	97.8	7.8	7.8	1058
1026	999	1026	Electric 6% 7-9	97.9	7.9	7.9	1059
1027	1000	1027	Electric 6% 7-9	98.0	8.0	8.0	1060
1028	1001	1028	Electric 6% 7-9	98.1	8.1	8.1	1061
1029	1002	1029	Electric 6% 7-9	98.2	8.2	8.2	1062
1030	1003	1030	Electric 6% 7-9	98.3	8.3	8.3	1063
1031	1004	1031	Electric 6% 7-9	98.4	8.4	8.4	1064
1032	1005	1032	Electric 6% 7-9	98.5	8.5	8.5	1065
1033	1006	1033	Electric 6% 7-9	98.6	8.6	8.6	1066
1034	1007	1034	Electric 6% 7-9	98.7	8.7	8.7	1067
1035	1008	1035	Electric 6% 7-9	98.8	8.8	8.8	1068
1036	1009	1036	Electric 6% 7-9	98.9	8.9	8.9	1069
1037	1010	1037	Electric 6% 7-9	99.0	9.0	9.0	1070
1038	1011	1038	Electric 6% 7-9	99.1	9.1	9.1	1071
1039	1012	1039	Electric 6% 7-9	99.2	9.2	9.2	1072
1040	1013	1040	Electric 6% 7-9	99.3	9.3	9.3	1073
1041	1014	1041	Electric 6% 7-9	99.4	9.4	9.4	1074
1042	1015	1042	Electric 6% 7-9	99.5	9.5	9.5	1075
1043	1016	1043	Electric 6% 7-9	99.6	9.6	9.6	1076
1044	1017	1044	Electric 6% 7-9	99.7	9.7	9.7	1077
1045	1018	1045	Electric 6% 7-9	99.8	9.8	9.8	1078
1046	1019	1046	Electric 6% 7-9	99.9	9.9	9.9	1079
1047	1020	1047	Electric 6% 7-9	100.0	10.0	10.0	1080
1048	1021	1048	Electric 6% 7-9	100.1	10.1	10.1	1081
1049	1022	1049	Electric 6% 7-9	100.2	10.2	10.2	1082
1050	1023	1050	Electric 6% 7-9	100.3	10.3	10.3	1083
1051	1024	1051	Electric 6% 7-9	100.4	10.4	10.4	1084
1052	1025	1052	Electric 6% 7-9	100.5	10.5	10.5	1085
1053	1026	1053	Electric 6% 7-9	100.6	10.6	10.6	1086
1054	1027	1054	Electric 6% 7-9	100.7	10.7	10.7	1087
1055	1028	1055	Electric 6% 7-9	100.8	10.8	10.8	1088
1056	1029	1056	Electric 6% 7-9	100.9	10.9	10.9	1089
1057	1030	1057	Electric 6% 7-9	101.0	11.0	11.0	1090
1058	1031	1058	Electric 6% 7-9	101.1	11.1	11.1	1091
1059	1032	1059	Electric 6% 7-9	101.2	11.2	11.2	1092
1060	1033	1060	Electric 6% 7-9	101.3	11.3	11.3	1093
1061	1034	1061	Electric 6% 7-9	101.4	11.4	11.4	1094
1062	1035	1062	Electric 6% 7-9	101.5	11.5	11.5	1095
1063	1036	1063	Electric 6% 7-9	101.6	11.6	11.6	1096
1064	1037	1064	Electric 6% 7-9	101.7	11.7	11.7	1097
1065	1038	1065	Electric 6% 7-9	101.8	11.8	11.8	1098
1066	1039	1066	Electric 6% 7-9	101.9	11.9	11.9	1099
1067	1040	1067	Electric 6% 7-9	102.0	12.0	12.0	1100
1068	1041	1068	Electric 6% 7-9	102.1	12.1	12.1	1101
1069	1042	1069	Electric 6% 7-9	102.2	12.2	12.2	1102
1070	1043	1070	Electric 6% 7-9	102.3	12.3	12.3	1103
1071	1044	1071	Electric 6% 7-9	102.4	12.4	12.4	1104
1072	1045	1072	Electric 6% 7-9	102.5	12.5	12.5	1105
1073	1046	1073	Electric 6% 7-9	102.6	12.6	12.6	1106
1074	1047	1074	Electric 6% 7-9	102.7	12.7	12.7	1107
1075	1048	1075	Electric 6% 7-9	102.8	12.8	12.8	1108
1076	1049	1076	Electric 6% 7-9	102.9	12.9	12.9	1109
1077	1050	1077	Electric 6% 7-9	103.0	13.0	13.0	1110
1078	1051	1078	Electric 6% 7-9	103.1	13.1	13.1	1111
1079	1052	1079	Electric 6% 7-9	103.2	13.2	13.2	1112
1080	1053	1080	Electric 6% 7-9	103.3	13.3	13.3	1113
1081	1054	1081	Electric 6% 7-9	103.4	13.4	13.4	1114
1082	1055	1082	Electric 6% 7-9	103.5	13.5	13.5	1115
1083	1056	1083	Electric 6% 7-9	103.6	13.6	13.6	1116
1084	1057	1084	Electric 6% 7-9	103.7	13.7	13.7	1117
1085	1058	1085	Electric 6% 7-9	103.8	13.8	13.8	1118
1086	1059	1086	Electric 6% 7-9	103.9	13.9	13.9	1119
1087	1060	1087	Electric 6% 7-9	104.0	14.0	14.0	1120
1088	1061	1088	Electric 6% 7-9	104.1	14.1	14.1	1121
1089	1062	1089	Electric 6% 7-9	104.2	14.2	14.2	1122
1090	1063	1090	Electric 6% 7-9	104.3	14.3	14.3	1123
1091	1064	1091	Electric 6% 7-9	104.4	14.4	14.4	1124
1092	1065	1092	Electric 6% 7-9	104.5	14.5	14.5	1125
1093	1066	1093	Electric 6% 7-9	104.6	14.6	14.6	1126
1094	1067	1094	Electric 6% 7-9	104.7	14.7	14.7	1127
1095	1068	1095	Electric 6% 7-9	104.8	14.8	14.8	1128
1096	1069	1096	Electric 6% 7-9	104.9	14.9	14.9	1129
1097	1070	1097	Electric 6% 7-9	105.0	15.0	15.0	1130
1098	1071	1098	Electric 6% 7-9	105.1	15.1	15.1	1131
1099	1072	1099	Electric 6% 7-9	105.2	15.2	15.2	1132
1100	1073	1100	Electric 6% 7-9	105.3	15.3	15.3	1133
1101	1074	1101	Electric 6% 7-9	105.4	15.4	15.4	1134
1102	1075	1102	Electric 6% 7-9	105.5	15.5	15.5	1135
1103	1076	1103	Electric 6% 7-9	105.6	15.6	15.6	1136
1104	1077	1104	Electric 6% 7-9	105.7	15.7	15.7	1137
1105	1078	1105	Electric 6% 7-9	105.8	15.8	15.8	1138
1106	1079	1106	Electric 6% 7-9	105.9	15.9	15.9	1139
1107	1080	1107	Electric 6% 7-9	106.0	16.0	16.0	1140
1108	1081	1108	Electric 6% 7-9	106.1	16.1	16.1	1141
1109	1082	1109	Electric 6% 7-9	106.2	16.2	16.2	1142
1110	1083	1110	Electric 6% 7-9	106.3	16.3	16.3	1143
1111	1084	1111	Electric 6% 7-9	106.4	16.4	16.4	1144
1112	1085	1112	Electric 6% 7-9	106.5	16.5	16.5	1145
1113	1086	1113	Electric 6% 7-9	106.6	16.6	16.6	1146
1114	1087	1114	Electric 6% 7-9	106.7	16.7	16.7	1147
1115	1088	1115	Electric 6% 7-9	106.8	16.8	16.8	1148
1116	1089	1116	Electric 6% 7-9	106.9	16.9	16.9	1149
1117	1090	1117	Electric 6% 7-9	107.0	17.0	17.0	1150
1118	1091	1118	Electric 6% 7-9	107.1	17.1	17.1	1151
1119	1092	1119	Electric 6% 7-9	107.2	17.2	17.2	1152
1120	1093	1120	Electric 6% 7-9	107.3	17.3	17.3	1153
1121	1094	1121	Electric 6% 7-9	107.4	17.4	17.4	1154
1122	1095	1122	Electric 6% 7-9	107.5	17.5	17.5	1155
1123	1096	1123	Electric 6% 7-9	107.6	17.6	17.6	1156
1124	1097	1124	Electric 6% 7-9	107.7	17.7	17.7	1157
1125	1098	1125	Electric 6% 7-9	107.8	17.8	17.8	1158
1126	1099	1126	Electric 6% 7-9	107.9	17.9	17.9	1159
1127	1100	1127	Electric 6% 7-9	108.0	18.0	18.0	1160
1128	1101	1128	Electric 6% 7-9	108.1	18.1	18.1	1161
1129	1102	1129	Electric 6% 7-9	108.2	18.2	18.2	1162
1130	1103	1130	Electric 6% 7-9	108.3	18.3	18.3	1163
1131	1104	1131	Electric 6% 7-9	108.4	18.4	18.4	1164
1132	1105	1132	Electric 6% 7-9	108.5	18.5	18.5	1165
1133	1106	1133	Electric 6% 7-9	108.6	18.6	18.6	1166
1134	1107	1134	Electric 6% 7-9	108.7	18.7	18.7	1167
1135	1108	1135	Electric 6% 7-9	108.8	18.8	18.8	1168
1136	1109	1136	Electric 6% 7-9	108.9	18.9	18.9	1169
1137	1110	1137	Electric 6% 7-9	109.0	19.0	19.0	1170
1138	1111	1138	Electric 6% 7-9	109.1	19.1	19.1	1171
1139	1112	1139	Electric 6% 7-9	109.2	19.2	19.2	1172
1140	1113	1140	Electric 6% 7-9	109.3	19.3	19.3	1173
1141	1114	1141	Electric 6% 7-9	109.4	19.4	19.4	1174
1142	1115	1142	Electric 6% 7-9	109.5	19.5	19.5	1175
1143	1116	1143	Electric 6% 7-9	109.6	19.6	19.6	1176
1144	1117	1144	Electric 6% 7-9	109.7	19.7	19.7	1177
1145	1118	1145	Electric 6% 7-9	109.8	19.8	19.8	1178
1146	1119	1146	Electric 6% 7-9	109.9	19.9	19.9	1179
1147	1120	1147	Electric 6% 7-9	110.0	20.0	20.0	1180
1148	1121	1148	Electric 6% 7-9	110.1	20.1	20.1	1181
1149	1122	1149	Electric 6% 7-9	110.2	20.2	20.2	1182
1150	1123	1150	Electric 6% 7-9	110.3	20.3	20.3	1183
1151	1124	1151	Electric 6% 7-9	110.4	20.4	20.4	1184
1152	1125	1152	Electric 6% 7-9	110.5	20.5	20.5	1185
1153	1126	1153	Electric 6% 7-9	110.6	20.6	20.6	1186
1154	1127	1154	Electric 6% 7-9	110.7	20.7	20.7	1187
1155	1128	1155					

FINANCE; LAND—Continued[illegible][illegible]

Dunlop	8 1/2	N.W.I.	22	Oils	
Globe Star	17	Nat West Bank	22	Skt Petroleum	38
C.N.I.	16	P & O Carriage	22	Burnham Oil	39
Electric	16	Fleming	9	Chamberlain	31
General Electric	16	R.H.M.	10	Shell	28
Boao	40	Bank City A'	14	Ultramar	22
Radio Met.	10	Reed Int.	14		
K.R.S.	10	Spillers	4	Mines	
Guadiana	10	Tesco	4	Charter Cons.	12
London Sids	10	Turn	22	Rich Gold	16
House of Fraser	10	Trust Houses	2	Rio Tin	20

A selection of Options traded as seen on the London Stock Exchange Report page

MAN OF THE WEEK

Fighting for his country

BY DAVID LENNON

ON THE SURFACE, Ezer Weizman is an overgrown schoolboy, a gregarious former World War II RAF pilot who loves to drink and spin yarns. He is warm and emotional. He loves people and always remembers their names. Most people warm quickly to him despite a tempestuous temperament and a self-assurance verging on over-confidence. Inside, he is a passionate believer in Israel's right to the historical land of Israel and has a pilot's yearning for wide open skies. A man of firm convictions, he is never afraid to fight for them, even to the point of threatening to resign from the Cabinet earlier this month.

Retaliation

This week he persuaded the Government, if it needed much persuasion, that instead of a regular retaliation for Saturday's terrorist raid, the Army should move into South Lebanon to clear out the Palestinian forces and to stay there as long as necessary to ensure that they do not return. The operation became all the hallmarks of his belief in the need for direct, firm and daring action to ensure the security of the State.

Until nine months ago Mr. Weizman was still best-known as the man who epitomised the elan and daring of the Israeli airforce. Since joining the Cabinet, he has suppressed his natural exuberance and succeeded in projecting a new image as a serious and capable Minister. Today there is a growing public yearning to see him as Prime Minister.

In 1942, at the age of 18, the Tel Aviv-born Mr. Weizman joined the RAF with the lowest rank. He finally defied his Israeli general's uniform in 1968. He reluctantly quit a lifelong profession because of politics. His natural talent had made him an obvious candidate for Chief of Staff, but his outspoken right-wing views made the Labour Government pass him over. Then the politics which had frustrated one ambition, offered him the chance to jump from his seat in the Knesset to the Herut Party.

Awakening

But eight months later he found himself on the back benches when Menachem Begin pulled the party out of the National Unity Government in protest at Israel's decision to accept a cease-fire in the war of attrition on the Suez Canal. This was a rude awakening for a man who from being a dominant figure in the defence forces and then in politics, suddenly found himself an ordinary citizen.

The intervening years were hard for him, though he was successful in business. He was unforgotten. After staying out of politics for some years, he decided to re-enter the fray prior to last year's general elections. Disturbed by the demoralisation in the country, he felt that something had to be done.

Taking control of the right wing Likud movement, he applied Madison Avenue techniques to bring off a stunning victory. Menachem Begin became Prime Minister at his ninth attempt. Despite the personal rifts between them, Mr. Begin acknowledged the debt he owed and handed the Defence portfolio to Mr. Weizman. It was the realisation of a dream and sweet revenge on those who had kept him out of the post of Chief of Staff. He took to the job with relish.

Pragmatic

When President Sadat went to Jerusalem he singled out "Ezer" as he mistakenly pronounced Weizman's name, for a private talk. The Egyptian leader knew his man. He like many others, realised that the Defence Minister was a pragmatic, straightforward, no-nonsense man who knows how to make quick decisions.

The months since have been disappointing. The direct talks were abandoned and negotiations stalled. It was at this point that Mr. Weizman threatened to resign if the Cabinet did not agree to halt settlement in the occupied areas for a while, to give the peace talks a chance. It was a courageous and contentious act typical of his belief that he should follow his own convictions.

Carter warns Russia over arms build-up

BY DAVID SELL

WASHINGTON, March 17.

PRESIDENT CARTER warned the Soviet Union today that the U.S. is willing to increase defence spending and effectively abandon détente, if Russia continues a policy of excessive military growth and unwarranted military interference around the world.

In a toughly-worded speech, described by his staff as the President's first major address on defence, Mr. Carter said that there were ominous signs, most recently in the Horn of Africa, that the Russians were prepared to use military power in various parts of the world.

"We can readily afford the necessary costs of our military forces as well as an increased level if needed to prevent any adversary from destabilising the peace of the world," the President said.

His speech centred on the steady expansion of Soviet and Warsaw Pact forces in eastern Europe. Despite many years of negotiations aimed at cutting force levels on both sides, the "Soviets have continued to increase and modernise their forces beyond the level necessary for defence."

"In the face of this excessive build-up, we and our NATO allies have had to take important steps to cope with short-term vulnerabilities and to respond to long-term threats."

Today's speech appears to mark the effective abandonment

of the administration's theory that there should be no "linkage" between Soviet activities in Africa and the Strategic Arms Talks.

"We are prepared to co-operate with the Soviet Union toward common social, scientific and economic goals, but if they fail to demonstrate restraint in missile programmes and other force levels, and in the projection of Soviet or proxy forces into other lands and continents, then popular support in the United States for such co-operation will erode," the President said.

There has been some evidence, in recent days, that the Administration has been at last making progress on arms talks with the Russians, and that Mr. Carter wants to have some kind of treaty ready by the summer. Today's speech may also be intended, therefore, to demonstrate that the President is not "soft" on the Russians.

While warning a new strategic arms agreement, President Carter was not prepared to jeopardise U.S. security.

"I will make sure that it preserves the strategic balance, that we can independently verify Soviet compliance and that we will be at least as strong relative to the Soviet Union as we would be without an agreement."

The United States was aware

of the administration's theory that there should be no "linkage" between Soviet activities in Africa and the Strategic Arms Talks.

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Growing clamour fails to halt £51m. ship deal

By Ian Hargreaves, Shipping Correspondent

SUNDERLAND Shipbuilders has signed a £51m. deal to supply six 16,500-ton cargo liners to the Shipping Corporation of India—a contract heavily criticised by U.K. shipowners because the vessels are being bought with cash from Britain's overseas aid programme to India.

The signing of the contract in Bombay yesterday came 18 months after talks about the order started. During that time the clamour of owners against the deal has grown because, they say, the Indians are being lured into a competition with British lines.

British Shipbuilders, of which Sunderland Shipbuilders is a part, says the overseas aid money goes to the Indian Government and the state-owned shipping corporation will have to buy the ships from the Government under the usual credit terms.

For this reason the price of the ships has also been reduced by a grant, understood to be about £5m. from the Government's shipbuilding industry fund.

The six ships, which will be designed with multi-purpose capability to enable them to transport containers, will be built in Sunderland's Deptford and Pallion yards, providing employment for 3,000 men for 12 months.

Mr. Jim Gilligan, managing director of Sunderland, said a big factor in the decision to sign the agreement was the order signed in his yards last month under which workers accepted a wide-ranging package of terms involving adherence to Government wage guidelines, meeting productivity and production targets and observing dispute procedures.

Sunderland has an order book of 19 merchant ships, valued at £170m. It has won 15 orders in the past year, the most successful record of any yard in the British Shipbuilders group.

Although the Indian ships are being financed through overseas aid, the order was made in competition with other British yards.

The six ships will be powered by Swiss-designed Sulzer diesel engines built in North East England.

Mr. Ernie Scarbrough, secretary of the Lucas Aerospace shop stewards' combine, called on the Government to intervene to save the jobs.

A group of Liverpool MPs will try to see Mr. Callaghan 40-day to discuss the jobs loss on Merseyside in the past eight weeks. Mr. Ernie Scarbrough, Labour MP for Liverpool, Walton, said that the Government should appoint a Minister with special responsibility for the area and pump money in to save jobs.

In another Merseyside jobs battle, national union leaders met members of the Birds Eye Board in London yesterday to attempt to get rescinded dismissal notices issued to 1,200 workers at the company's Kirby factory.

Birds Eye shop stewards are hoping that the Board will take the notices back at its meeting on Monday. Process workers at the plant have signed undertakings to return to work as the 110 engineers who had been on strike did at the weekend, and the plant's management is understood to be recommending a resumption to the Board.

Recession in the world tractor market means that nearly half the 640 workers in number 2 foundry at Dartmouth Auto Castings, Warley near Birmingham, are to be made redundant.

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Nearly 100 workers in the carpet town of Kidderminster, Worcestershire, are to lose their jobs, after the decision of the Minister Carpet Company to switch weaving operations to the Lake District, later this year.

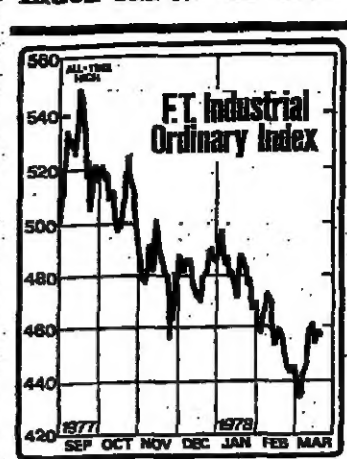
About 100 workers at Victoria Carpets also face redundancy unless the company is successful in its application for a Government subsidy.

More aerospace jobs. Page 21

THE LEX COLUMN

A testing stream of statistics

Index fell 1.1 to 457.2



The stock market has endured a week of crucial financial statistics, and has ended in an almost untroubled condition. After the trade figures, the money supply statistics and yesterday's Retail Prices Index for February the FT 30-Share Index is off just 1.8 points, while the Government Securities Index is also slightly lower.

Not too much should be read into these slight releases, for the underlying tone has been quite firm. Equities have run into a limited amount of profit taking after the near 30-point rally from the low reached at the beginning of the month. Meanwhile, gilts have really been quite strong, with substantial buying this week of both the short and long term stocks.

On some estimates, only about £100m. of the short—Exchequer 84 per cent. 1983—remains in the Government Broker's hands, and there is not much more than that left of the long term Exchequer 104 per cent. 1985. One more good burst of demand could exhaust one or both stocks, but yesterday the momentum proved to have faded under the influence of yesterday's rather unsatisfactory money supply figures, and the gilt-edged market faltered in its stride.

The RPI is much in line with expectations. The year-on-year inflation rate has edged further into single figures, and promises to achieve a further sharp dip to under 8 per cent in April computation (published in May) since the index jumped by as much as 2.6 per cent in April 1977. But beyond that the rate of inflation is unlikely to show any substantial further fall.

Later in the year, in fact, inflation could well start edging up again, and the Budget—now 3½ weeks away—will have an important bearing on expectations here. The stock market is ready for a fiscal stimulus of the order of £2bn., but it will react badly if this is combined with any relaxation of the current monetary growth targets. The uncertainties could lead to quiet conditions over the Easter period.

Morgan Grenfell

Over the years the merchant banks have shunned publicity and have suffered a loss of stock market status as a result. But there are signs that they are coming round to the idea of revealing a little more about themselves.

Yesterday Morgan Grenfell, the largest of the unquoted

accepting houses (Samuel Montagu excepted), took the unprecedented step of issuing preliminary figures. Not that they said very much, but at least it is a start. Perhaps an element of professional pride lay behind the decision to publish the results.

When compared with recent figures from Baring Bros. and Kleinwort Benson, a 52 per cent. jump in disclosed profits to £5.4m. looks very impressive. The group has an important export credit and project finance business, and along with its other corporate finance activities fees and commissions contribute perhaps as much as a quarter of gross income. Morgan also admits that the "unusually favourable circumstances" in the financial markets last year enabled it to make handsome profits on its gilt-edged and money book.

However, Morgan's decision to reveal a little more about itself is not completely altruistic. It is probably the fastest growing of all the accepting houses: over the last five years, for example, its balance sheet has grown roughly three times as quickly as Kleinwort Benson's. It is impossible to know the size of its unpublished reserves but with loan capital of around £17m. against disclosed net worth of £31.4m. it has not been completely self-financing in the past. In 1974 it had a £24m. rights issue and its decision to shed a little more light on itself may well be a prelude to another capital raising exercise—when Morgan could decide to seek a quote.

Comet/Wigfall

With only a few days to go before Comet's £14m. offer for Henry Wigfall closes the Wigfall Board has sent another circular to shareholders in which it claims that Wigfall's assets have a market value in excess of £25m. It compares with book value these assets of £12.2m. and implies that Wigfall's net worth is currently in excess of £25m. Shareholders may wonder if it can be that such a well-endowed company should have produced pre-tax profits of £1m. in 1977 to extend sequence of declining profitability since 1975.

The Wigfall circular does explain how the market value of £25m. has been arrived at, although its advisers, Samuel, say "a normal basis" has been adopted "with sources." Nor is there any plan to raise the Board's offer, which is going to be right at Wigfall.

Shareholders should accept the Comet bid which now values their shares at 374p, against the market price of 233p. Market price indicates that the offer will not be successful, indeed it seems highly unlikely that it ever could be with per cent. of the votes held by directors and their associates whose unity Comet has failed to crack. But a figure of acceptances shows concentrate the minds of Wigfall management would fully.

The Wigfall Board claims 25 shareholders are only offered £14m. for a £25m. business. It is up to them to make this high valuation relevant within a short period of time. Otherwise shareholders will be entitled to think they have promised something that cannot be delivered.

Unilever is gradually edging closer towards completion of £250m. takeover of the National Starch and Chemical Corporation. Yesterday came news that the definitive merger agreement had been signed. The really encouraging feature is the absence of any suggestion that the U.S. Internal Revenue Service will be putting up a fight. Given the large personal stake of the chairman, National Starch, and the speculators devised to suit his individual circumstances, this has been a crucial element in negotiations. No final tax ruling has yet been received but the expectation is that it will go within the next three or four weeks. The final stage will be approval of the deal by NatStarch shareholders at a special meeting, probably in June.

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New blow for Liverpool as Lucas cuts workforce

BY PHILIP BASSETT, LABOUR STAFF

MERSEYSIDE sustained a further blow yesterday when Lucas Industries announced another cut in its Liverpool workforce. A total of 200 jobs is to be lost at the company's engineering works at Fazakerley.

The news came a day after the group announced the forthcoming closure of Lucas Aerospace's Victor works, also in Liverpool, with the loss of 1,450 jobs. Yesterday's move brings the total number of jobs lost on Merseyside in the last eight weeks to more than 7,100.

Lucas Industrial Equipment at Fazakerley employs 485 people. Lucas blamed the cut to 285 on a drop in demand from the Defence Ministry for the components the factory makes, including hydraulic equipment for the Army's Chieftain tank.

Orders for Chieftain tank parts, which make up half the factory's business, are down by 35 per cent. on a year ago and are expected to drop by a further 70 per cent. next year.

The 200 workers will be offered alternative employment within the Lucas Industries group.

At the Victor works, shop stewards spent yesterday in talks

to decide on possible action after the closure decision.

Mr. John Rowan, national industrial officer of TASS, the white-collar staff section of the Amalgamated Union of Engineering Workers, said the union deplored the lack of consultation between Lucas and unions before the announcement. TASS would fight the closure and redundancies throughout Lucas Industries.

Mr. Ernie Scarbrough, secretary of the Lucas Aerospace shop stewards' combine, called on the Government to intervene to save the jobs.

A group of Liverpool MPs will try to see Mr. Callaghan 40-day to discuss the jobs loss on Merseyside in the past eight weeks. Mr. Ernie Scarbrough, Labour MP for Liverpool, Walton, said that the Government should appoint a Minister with special responsibility for the area and pump money in to save jobs.

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A group of Liverpool MPs will try to see Mr. Callaghan 40-day to discuss the jobs loss on Merseyside in the past eight weeks. Mr. Ernie Scarbrough, Labour MP for Liverpool, Walton, said that the Government should appoint a Minister with special responsibility for the area and pump money in to save jobs.

In another Merseyside jobs battle, national union leaders met members of the Birds Eye Board in London yesterday to attempt to get rescinded dismissal notices issued to 1,200 workers at the company's Kirby factory.

Birds Eye shop stewards are hoping that the Board will take the notices back at its meeting on Monday. Process workers at the plant have signed undertakings to return to work as the 110 engineers who had been on strike did at the weekend, and the plant's management is understood to be recommending a resumption to the Board.

Recession in the world tractor market means that nearly half the 640 workers in number 2 foundry at Dartmouth Auto Castings, Warley near Birmingham, are to be made redundant.

The foundry has been on a four-day week since the beginning of the year and is going on to three days a week.

Nearly 100 workers in the carpet town of Kidderminster, Worcestershire, are to lose their jobs, after the decision of the Minister Carpet Company to switch weaving operations to the Lake District, later this year.

About 100 workers at Victoria Carpets also face redundancy unless the company is successful in its application for a Government subsidy.

More aerospace jobs. Page 21

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BSC ready to talk on closure

By Robin Reeves

THE BRITISH Steel Corporation is ready to open negotiations immediately on the closure of Ebbw Vale's steel-making facilities. Sir Charles Villiers, the corporation's chairman, said in South Wales yesterday.

He told members of the Blaenau Gwent Council the 1,800 steel workers involved could expect a "hardly-type" settlement if they agreed to the early closure of the works.

But BSC was prepared to stand by the present designated closure date of March next year, he said.

Steel workers at Hartlepool received special redundancy payments amounting to 16-26 weeks' extra pay depending on Service. Golden handshakes in last week's East Moors, Cardiff, closure deal were bigger—42 weeks pay—but that was because the shut-down was not due before January 1980.

The new scheme should not make British companies less competitive than their EEC neighbours as it now puts them on a par with them.

But British companies (like others in the EEC) will not be at a disadvantage when competing with companies from outside the EEC for work within the Community since the outsiders will continue to have access to export finance at 7.75 per cent.

It is understood that the Commission will be prepared to reconsider the position on a case-by-case basis so that the EEC company could match the cheaper terms.

One country where a good deal of U.K. business has been financed by EEC credits is Ireland which will now be affected by the new ruling.

The EECGD has also announced some relaxation in the application of its rulings on foreign currency financing.

It will no longer insist that contracts with loan value of up to £5m. be financed in foreign currency, "where the exporter or his financial advisers consider there is an advantage in using sterling."

Previously all buyer credits under £1m. and above were obliged to be financed in foreign currency.

Continued from Page 1

Tanker

almost midnight on Thursday—several hours after the first attempt of the Brest tug, Pacific, to take the Amoco Cadiz in tow.

The two big French unions also renewed their campaign against flags of convenience. The Amoco Cadiz was flying the Liberian flag—as were the two super-tankers which collided off the South African coast in December and the Argo Merchant which broke up off Nantucket and precipitated a noisy public controversy in the U.S. a year ago.

Pollution prevention experts and salvage men from London were quickly on the scene of the wreckage yesterday. An early arrival was an observer from TOVALOP, the tanker owners' voluntary arrangement for the limitation of pollution.

This scheme is designed to ensure prompt payment of up to \$10m. compensation for the cost of clean-up operations. It is complemented by a scheme called CRISTAL, run by the oil companies, which takes the compensation available to \$30m.

Weather

U.K. TO-DAY
 MOSTLY dry, scattered wintry showers. Rather cold.

London, S.E. and E. England, light snow showers. Sunny spells. Max. 7C (45F).

Cent. S., Cent.-N. England, Midlands
 Mostly dry. Wind W. light. Max. 7C (45F).

Channel Is., S.W. England, Wales
 Dry, cloudy later. Max. 9C (48F).

N.W. England, Lake Dist., Is. of